

THREE-A RESOURCES BERHAD (481559-M)

AL 308, Lot 590 & Lot 4196, Jalan Industri,
U19, Kampung Baru Seri Sungai Buloh,
47000 Selangor Darul Ehsan, Malaysia.

Tel: +(60)3-6156 2655
Fax: +(60)3-6156 2657
E-mail: info@three-a.com.my

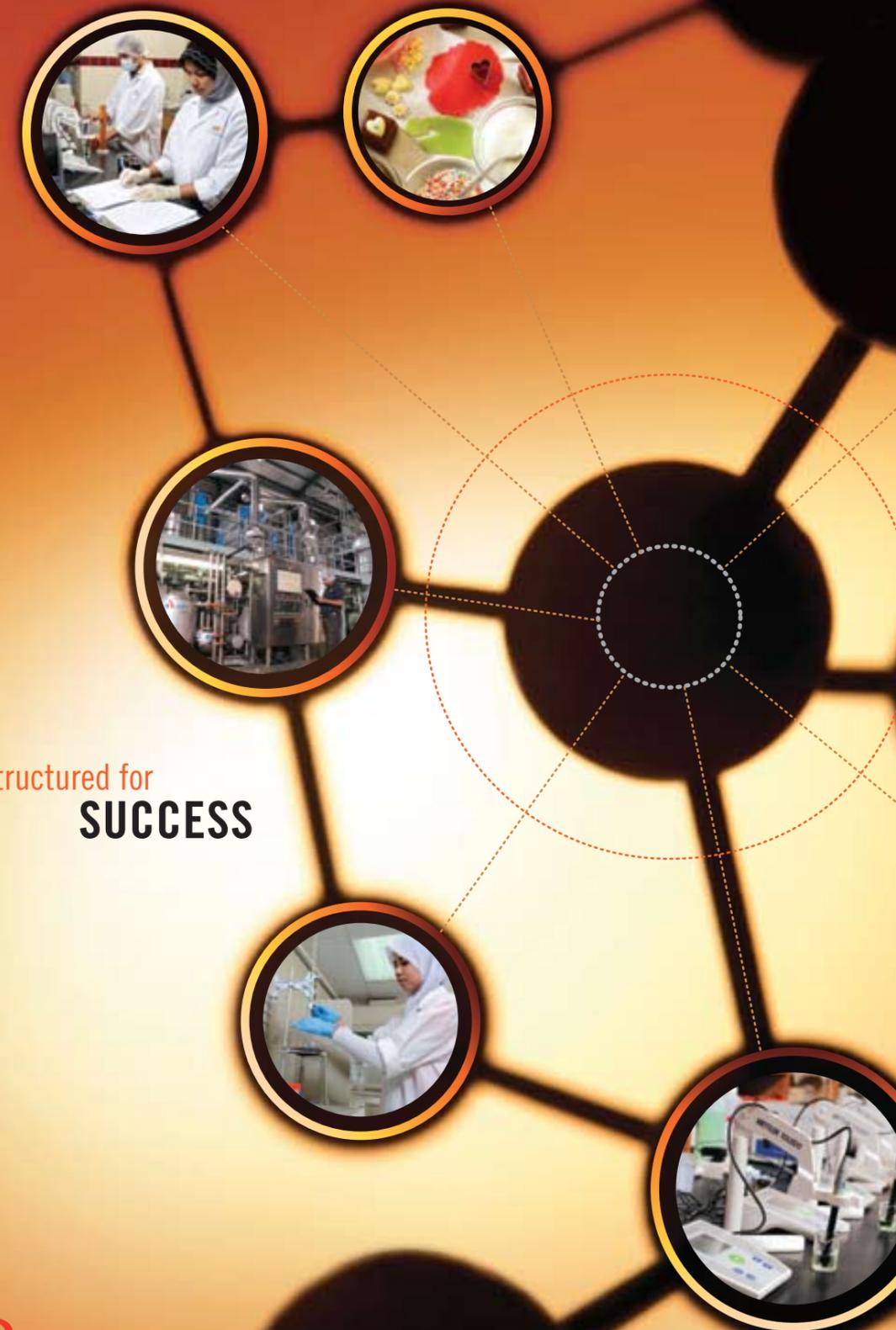
Website: www.three-a.com.my

Structured for
SUCCESS



THREE-A RESOURCES BERHAD
481559-M
Incorporated in Malaysia

ANNUAL REPORT 2011



VISION

To excel as one of the
Global Quality Brands
in the industry

MISSION

To excel as one of the
Global Market Leaders in
the manufacture of Food
& Beverage ingredients

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Corporate Profile



ABOUT US

Three-A Resources Berhad (3A) is principally an investment holding company with two (2) wholly-owned subsidiaries namely:-

- San Soon Seng Food Industries Sdn. Bhd.
- Three-A Food Industries (M) Sdn. Bhd.

and a 50% equity interest in a jointly-controlled entity namely Three-A (Qinhuangdao) Food Industries Co. Ltd. which is in turn held through Three-A Food Industries (M) Sdn. Bhd..

San Soon Seng Food Industries Sdn. Bhd. (SSSFI) was founded in 1977 as a Liquid Caramel producer named under Soon Seng Sauce Mixture & Food Factory. By 1989, it was converted into a private limited company under the name of San Soon Seng Food Industries Sdn. Bhd.. In 1999, Perbadanan Nasional Berhad took 30% equity stake through a capital injection and subsequently in 2002, SSSFI became the wholly-owned subsidiary of 3A. 3A was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 13 August 2002 and successfully transferred its listing status to Main Board of Bursa Malaysia Securities Berhad on 18 June 2008.

In line with the expansion plans of the Group, our wholly-owned subsidiary, Three-A Food Industries (M) Sdn. Bhd. had entered into a Joint Venture with Yihai Kerry Investments Co. Ltd., a 98.39% owned subsidiary of Wilmar International Limited. The Joint Venture entity namely Three-A (Qinhuangdao) Food Industries Co. Ltd. was duly registered on 09 August 2010 bearing registration

No. 130300400004752 in the People's Republic of China with a registered capital of USD5,100,000. The intended nature of business would be in manufacturing, processing and trading of Hydrolysed Vegetable Protein (HVP) (in liquid and powder form) and all related by-products.

FOCUS ON CORE BUSINESS

3A remains focused on its core strength in the Food & Beverage industry through its wholly-owned subsidiary, SSSFI. SSSFI is one of the leading Food & Beverage ingredient manufacturers in the country with products ranging as follows:

Caramel Colour (Full Range)
Glucose Syrup; Maltose Syrup
Soya Protein Sauce (Hydrolysed Vegetable Protein or HVP)
Natural Fermented Vinegar; Distilled Vinegar; Rice Vinegar
Caramel Powder; HVP Powder; Soya Sauce Powder
Maltodextrin

We pride ourselves in constantly upgrading the quality of our products to meet the changing needs of our customers and society.

PRESENCE IN DOMESTIC & EXPORT MARKET

3A Group continues to strengthen its presence and market share in the domestic market. Besides, the Group has successfully ventured into countries around the world and confident that the export market will contribute much needed earning growth in the future.

Product Applications



LIQUID PRODUCTS

- **Caramel Colour**
Positive

sauces and seasonings such as soy sauce, oyster sauce, fish sauce, seasoning mix, soup base, gravies, etc.

Negative

beverages industry such as soft drinks and cordials, pharmaceutical industry, baked products and confectionery, canned foods, dairy products, etc.

- **Glucose Syrup & Maltose Syrup**

confectionery, pharmaceutical industry, ice-cream, beverages, non-dairy creamer, etc.

- **Soya Protein Sauce (HVP)**

sauces and seasonings such as soy sauce, oyster sauce, snack foods, etc.

- **Vinegar**

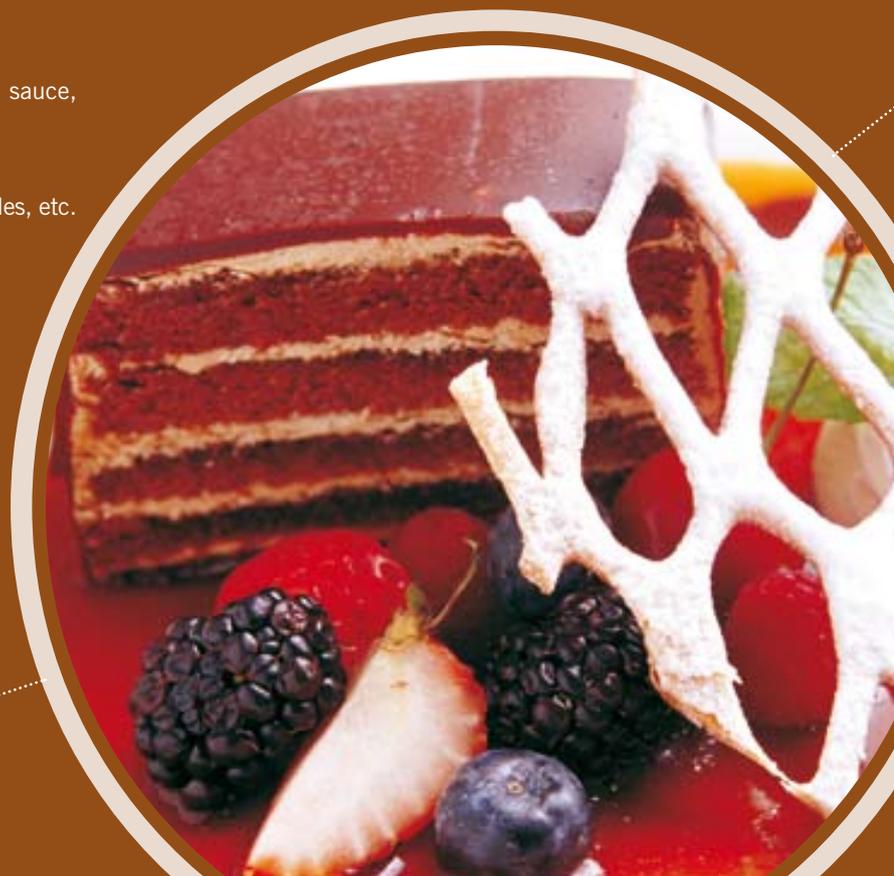
ketchup, chili sauce, table vinegar, mayonnaise, pickles, etc.



POWDERED PRODUCTS

- **Maltodextrin**
- **Caramel Powder**
- **HVP Powder**
- **Soya Sauce Powder**

non-dairy creamer, flavours, seasonings, sauces, beverages, dry mixes, confectionery, frozen foods, snack foods, etc.



Extensive Awards & Recognitions

MALAYSIAN BUSINESS – CIMA ENTERPRISE GOVERNANCE AWARD 2008

Mesdaq Category Winner

MALAYSIAN BUSINESS CORPORATE GOVERNANCE AWARD 2006

Merit Award

Mesdaq Award Winner

ASIAMONEY AWARDS 2009

Small-Cap Corporate Of The Year

3A was accorded with the Mesdaq Category Winner of Malaysian Business – CIMA Enterprise Governance Award 2008. 3A has received the Governance Awards for the second consecutive year.

Malaysian Business and the Chartered Institute of Management Accountants (CIMA) Malaysia Division has recognised the growing importance of Enterprise Governance. Public Listed Companies which listed on the Bursa Malaysia Securities Berhad are evaluated on business and corporate governance principles, best practices including risk management and internal control, communications and adherence to regulations, strategic management and financial and operational performance. The Award confers due recognition to companies for their excellence in delivering performance while conforming to set standards and practices which contribute towards enhancing the effectiveness of the organisation.

The award of “The Best Small Cap Corporate of the Year” conferred by Asiamoney was based on the consistent performance and steady growth in the business of the Group for the year 2009. Achievement of the following standards and certifications are testimonies to our excellence in the Food & Beverage ingredients industry:-

HALAL CERTIFICATION

By Islamic Development Department Of Malaysia

All products manufactured by SSSFI are HALAL certified by Islamic Development Department of Malaysia. Its recognition imposes stringent private sanitation requirements in addition to manufacturing premise hygiene practices. With the establishment of high standards and consumer confidence in SSSFI certified Halal, it provides better opportunity to gain access to the vast marketing potential of Halal consumers on a global scale.

ISO 9001:2000 CERTIFICATION

With United Kingdom Accreditation System By Sirim

SSSFI was awarded the International Acclaimed ISO 9001:2000 with UKAS (United Kingdom Accreditation System) by SIRIM for Quality Management System. SSSFI strives to increase its product offerings and implement continuous improvements to meet its customers' satisfaction as to achieve the objectives of the ISO Quality Policy.

- **Safe and Quality Products**
- **Satisfaction of Customers**
- **Strive for Continual Improvement**

KOSHER CERTIFICATION

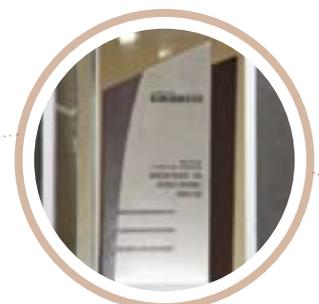
By Orthodox Union

SSSFI is Kosher certified by Union of Orthodox Jewish Congregations of America. Take a walk down the aisle of any supermarket and this Kosher logo appears on the majority of America's produced foods that are certified Kosher. This certification has become an increasingly important marketing device which generates more revenues by expanding our business market shares.

HACCP CERTIFICATION

With United Kingdom Accreditation System By Moody International Certification (Malaysia) Sdn. Bhd.

SSSFI was certified with Hazard Analysis Critical Control Point (HACCP) System by Moody International Certification (Malaysia) Sdn. Bhd. for Maltodextrin Production. HACCP is an internationally accepted technique for preventing microbiological, chemical and physical contamination along the food supply chain. The HACCP certification will further promote consumer confidence and conformance to regulatory and market requirements.



Corporate Information

BOARD OF DIRECTORS

Dato' Mohd Nor Bin Abdul Wahid	<i>Independent Non-Executive Chairman (Re-designated as Independent Non-Executive Chairman on 29 Feb 2012)</i>
Fang Chew Ham	<i>Deputy Executive Chairman and Managing Director</i>
Fong Chu King @ Tong Chu King	<i>Non-Independent Executive Director</i>
Foong Chiew Fatt	<i>Non-Independent Non-Executive Director (Resigned on 29 Feb 2012)</i>
Chew Eng Chai	<i>Independent Non-Executive Director</i>
Tan Chon Sing @ Tan Kim Tieng	<i>Independent Non-Executive Director</i>
Fang Siew Yee	<i>Non-Independent Executive Director</i>
Liew Kuo Shin	<i>Non-Independent Executive Director (Resigned as Non-Independent Executive Director on 29 Feb 2012 and re-appointed as Alternate Director to Director Mr. Fong Chu King @ Tong Chu King)</i>
Fang Siew Ping	<i>Non-Independent Executive Director (Resigned as Non-Independent Executive Director on 29 Feb 2012 and re-appointed as Alternate Director to Director Ms. Fang Siew Yee)</i>
Khoo Wee Boon	<i>Independent Non-Executive Director</i>
Mohd Zaki Bin Hamzah	<i>Independent Non-Executive Director</i>
Sun Yi-Ling	<i>Non-Independent Non-Executive Director</i>
Fong Chiew Hean	<i>Non-Independent Non-Executive Director (Resigned as Alternate Director to Non-Independent Non Executive Director Mr. Foong Chiew Fatt on 29 Feb 2012)</i>

COMPANY SECRETARIES

Ng Bee Lian *MA/CSA 7041392*
Tan Enk Purn *MA/CSA 7045521*

REGISTERED OFFICE

AL 308, Lot 590 & Lot 4196
Jalan Industri, U19
Kampung Baru Seri Sungai Buloh
47000 Selangor Darul Ehsan,
Malaysia
Tel No. : (03) 6156 2655
Fax No. : (03) 6156 2657
E-mail : info@three-a.com.my

COMPANY NO.

481559-M

WEBSITE ADDRESS

www.three-a.com.my

AUDIT COMMITTEE

Chew Eng Chai – *Chairman*
Tan Chon Sing @ Tan Kim Tieng
Mohd Zaki Bin Hamzah

NOMINATION COMMITTEE

Mohd Zaki Bin Hamzah – *Chairman*
Chew Eng Chai
Fong Chu King @ Tong Chu King

REMUNERATION COMMITTEE

Tan Chon Sing @ Tan Kim Tieng –
Chairman
Chew Eng Chai
Dato' Mohd Nor Bin Abdul Wahid

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Bhd
CIMB Bank Berhad
EON Bank Berhad

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel No. : (03) 7495 8000
Fax No. : (03) 2095 9076

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1,
Jalan PJU 1A
47301 Petaling Jaya, Selangor
Tel No. : (03) 7841 8000
Fax No. : (03) 7841 8151

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

Listed on the MESDAQ Market of
Bursa Malaysia Securities Berhad
since 13 August 2002

Transferred its listing status to Main
Board of Bursa Malaysia Securities
Berhad on 18 June 2008

STOCK NAME/CODE

3A/0012

INVESTOR RELATIONS

Persons to Contact:
Fong Peng Fai (Finance Manager)
Fang Siew Yee (Executive Director)
Tel. No. : (03) 6156 2655
E-mail : info@three-a.com.my



Chairman's Statement



Dato' Mohd Nor Bin Abdul Wahid
Independent Non-Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Three-A-Resources Berhad and of the Group for the financial year ended 31 December 2011.

OVERVIEW AND PERFORMANCE OF THE YEAR UNDER REVIEW

For the financial year ended 31 December 2011, 3A Group registered turnover increased by 8.0% or RM19.9 million from RM248.9 million to RM268.8 million as compared to the last financial year 2010. However, the profit before tax had decreased by 26.3% or from RM20.9 million in the preceding financial year to RM15.4 million for the financial year ended 31 December 2011 as a result of an overall higher production costs.

Profit after taxation was registered at RM15.3 million which is slightly lower as compared to RM16.9 million in the previous financial year. Net earnings per share for the financial year ended 31 December 2011 was 4.0 sen compared to 4.4 sen for the previous year.

As at 31 December 2011, the Group's total equity stood at RM200.987 million whilst net assets per share was 51.1 sen. Total assets of the Group was registered at RM285,180 million.

The Group continues to enjoy growth in turnover as a result of a reputable and well-established brand backed by a proven track record of superior product quality and customer satisfaction.

During the financial year ended 31 December 2011, there was an exercise of re-designation and down-sizing the number of Members of the Board resulting in the re-designation of my position from Executive Chairman to an Independent Non-Executive Chairman, the resignations of Directors Mr. Foong Chiew Fatt, Mr. Liew Kuo Shin and Ms. Fang Siew Ping and Alternate Director, Mr. Fong Chiew Hean. Subsequently, Mr. Liew Kuo Shin was appointed as Alternate Director to Mr. Fong Chu King @ Tong Chu King while Ms. Fang Siew Ping as Alternate Director to Ms. Fang Siew Yee.



GOING FORWARD

The Board is mindful of the current events taking place in particular the fluctuating price of raw materials. The volatility of raw material prices from our supplier in the neighbouring countries as a result of bad weather, flood, pest related shocks together with uncertain harvest during the growing season all contributed to the increased costs of raw materials. In mitigating the rising costs of raw materials, stock holding policy and bulk purchases were established to ensure that at any one time, there will be at least two to three months supply of raw materials available sufficient to run the operation.

In November 2011, the construction of the second Caramel Plant was completed and commissioned for production. This additional plant will enable the company to enjoy better economy of scale in terms of lowering production costs as to be competitive in the market.

The Group also stands to benefit from the Government's emphasis in making this country a regional food production and distribution centre emphasising on Halal products. With superior quality and trusted range of products, and good delivery system, we managed to penetrate and export our products to 26 countries world wide.

In running the day to day operation, the management would continue to implement various cost savings measures, improvements and efficiency in the production. The Management would also continue to invest in human capital, technology systems and automation in order to sustain our performance in the next financial year.

CORPORATE DEVELOPMENTS AND PROSPECTS OF THE GROUP

The Group has a 50% equity interest in a jointly-controlled entity namely Three-A (Qinhuangdao) Food Industries Co. Ltd. via its wholly owned subsidiary, Three-A Food Industries (M) Sdn. Bhd. with Yihai Kerry Investments Co. Ltd., a 98.39% owned subsidiary of Wilmar International Ltd. This joint venture was incorporated in the People's Republic of China on 9th August 2010 and is in the business of manufacturing, processing and trading of Hydrolysed Vegetable Protein (liquid and powder form) and all related products.

The construction of the factory in Qinhuangdao was fully completed on schedule and currently is in the process of installation of its machineries and equipments. It is



expected to commence operation by end March 2012. As at 31st December 2011, a sum of RM7.8 million was utilised for the above overseas investment.

DIVIDENDS

For the year under review, the Board had declared a tax exempt interim dividend of 6% per share of 20 sen for the financial year ended 31 December 2011 of which payment was made on 10th January 2012.

No final dividend has been recommended for consideration at the forth coming Annual General Meeting.

The Group endeavours to maintain a consistent and regular payment in its dividend by continuing, conducting on-going assessment on the results of the Group, review the availability of distributable retained earnings as well as the Group's future cash flow requirements and market conditions so that higher dividend will be distributed to our shareholders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my thanks and gratitude to our valued customers, bankers, suppliers and business associates for their continued support and confidence. I would also like to take this opportunity to record my appreciation to our valued shareholders for their continuing trust and loyalty.

The Board would like to put into record our appreciation to Mr. Foong Chiew Fatt and his Alternate Director Mr. Fong Chiew Hean who have resigned on 29 February 2012, for their contributions and past services rendered to the Board of 3A and its Group of Companies.

Lastly, I would like to congratulate my fellow directors, management and staff of the Group for the good performance in 2011 and I trust that we will all continue to work hard and strive for the continued success for the Group in the coming years.

Dato' Mohd Nor Bin Abdul Wahid
Independent Non-Executive Chairman

Five-Year Group Financial Summary

	Year Ended 31 December				
	2011	2010	2009	2008	2007
OPERATING RESULTS (RM'000)					
Revenue	268,806	248,940	178,582	152,252	107,118
Profit Before Taxation	15,352	20,905	23,707	12,689	12,320
Profit After Taxation	15,255	16,887	18,039	12,135	10,112
KEY BALANCE SHEET DATA (RM'000)					
Total Assets	285,180	290,291	195,404	138,470	122,012
Total Liabilities	84,192	100,468	59,159	58,828	52,195
Share Capital	78,720	78,720	73,920	61,600	38,500
Shareholders' Equity	200,988	189,823	136,245	79,642	69,817
SHARE INFORMATION					
Basic Earnings Per Share (sen)	4.0	4.4	5.7	3.9	3.4
Net Assets Per Share (sen)	51.1	48.2	36.9	25.9	22.7
Net Dividend Per Share (sen)	1.2	1.2	1.2	1.0	1.2
FINANCIAL RATIOS (%)					
Return on Equity	7.9	8.9	13.2	15.2	14.5
Return on Assets	5.6	5.8	9.2	8.8	8.3
Dividend Payout Ratio	30.0	27.3	21.1	25.6	35.3

Financial Calendar

FINANCIAL YEAR 2011

25 February

- Announcement on change in Boardroom
- Announcement on Quarterly results on consolidated results for the financial period ended 31 December 2010

4 April

- Announcement on change in Boardroom (Amended Announcement)

07 April

- Announcement on Transactions (Chapter 10 of Listing Requirements) : Recurrent Related Party Transactions

12 April

- Announcement – Others – Proposed Authority for the Company to purchase its own shares

22 April

- General Meetings – Notice of Meetings

18 May

- General Meetings – Outcome of Meetings

19 May

- Announcement of Quarterly results on consolidated results for the financial period ended 31 March 2011

24 August

- Announcement of Quarterly results on consolidated results for the financial period ended 30 June 2011

16 November

- Announcement of Quarterly results on consolidated results for the financial period ended 30 September 2011
- Announcement - Others – Extension of Time for the Utilisation of Proceeds arising from Private Placement of up to 20% of the Issued and Paid Up Share Capital of 3A

22 November

- Announcement on Interim Dividend

23 November

- Announcement on Notice of Book Closure

27 December

- Announcement – Others – Increase in issued and paid up share capital of San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd.

Directors' Profile

DATO' MOHD NOR BIN ABDUL WAHID
Independent Non-Executive Chairman
59 years of age
Malaysian

Dato' Mohd Nor Bin Abdul Wahid was appointed to the Board of the Company on 10 May 2002 and has served as an Executive Chairman of the Company until 29 February 2012 whereby he was re-designated as an Independent Non-Executive Director of the Company. He sits in the Board of Directors in both the Company's wholly-owned subsidiaries, San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd.. Presently, Dato' Mohd Nor Bin Abdul Wahid serves as a member of the Remuneration Committee of the Company.

Dato' Mohd Nor Bin Abdul Wahid holds a MBA in Finance from the American World University, Iowa, USA. He started his career with Bank Bumiputra Malaysia Berhad and was with the Bank Bumiputra group for twenty three (23) years, rising from the position of Executive Trainee in the Bank's wholly-owned subsidiary, Kewangan Bumiputra Berhad to a position as one of the Senior General Manager of the Bank, in-charge of Commercial Banking Division. He was also appointed as Director of several subsidiaries of the Bank. His experiences include both conventional and interest-free (Islamic) banking.

Dato' Mohd Nor Bin Abdul Wahid also holds directorship in Aikbee Resources Berhad and sits in the Board of Trustee of Yayasan Wilayah Persekutuan and Institute Professional Baitumal.

Dato' Mohd Nor Bin Abdul Wahid attended all five (5) Board Meetings held during the financial year ended 31 December 2011. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. FANG CHEW HAM
Deputy Executive Chairman and Managing Director
64 years of age
Malaysian

Mr. Fang Chew Ham was appointed to the Board of the Company on 10 May 2002 and has served as a Deputy Executive Chairman and Managing Director of the Company since then. He is also the Managing Director and Executive Director of both the Company's wholly-owned subsidiaries, San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd.

Mr. Fang Chew Ham started the family business producing Caramel Colour for more than thirty (30) years ago. In 1978, he set up the Soon Seng Sauce Mixture & Food Factory to manufacture Caramel Colour and this partnership

was subsequently converted into San Soon Seng Food Industries Sdn. Bhd. (SSSFI) in 1989. SSSFI became the wholly-owned subsidiary of the Company in 2002.

Mr. Fang Chew Ham is equipped with vast experience in the Food & Beverage business and heads the management of SSSFI. His leadership together with the expanded management personnel will result in broad and flexible goal setting; and to meet the quality of the ever-changing demands and development of new range of products related to the Food & Beverage ingredients industry.

Mr. Fang Chew Ham is the co-opted member of the Working Group of Sauces which prepared the Malaysian Standard MS 513:1993 (SIRIM); a specification for Caramel in the manufacture of soya sauce.

Mr. Fang Chew Ham has attended all five (5) Board Meetings held during the financial year ended 31 December 2011. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Fang Chew Ham is a sibling of Mr. Fong Chu King and is father of Ms. Fang Siew Yee, both Directors of the Company. Ms. Fang Siew Ping who was appointed as an Alternate Director to Mr. Fang Chew Ham, is also his daughter.

MR. FONG CHU KING @ TONG CHU KING
Non-Independent Executive Chairman
67 years of age
Malaysian

Mr. Fong Chu King @ Tong Chu King was appointed to the Board of the Company on 10 May 2002 and has served as a Non-Independent Executive Director since then. Presently, he serves as a member of the Nomination Committee of the Company. He is also the General Manager of the Company's wholly-owned subsidiary, San Soon Seng Food Industries Sdn. Bhd. (SSSFI).

Mr. Fong Chu King has a Bachelor of Science in Chemical Engineering from the National Taiwan University. He is a qualified Professional Engineer of Lembaga Jurutera Malaysia and also a member of Institution of Engineers Malaysia. In his twenty (20) years of service with the Lion Group of Companies, he held a number of positions including Manager of Amsteel Mills Sdn. Bhd. and General Manager of Megasteel Sdn. Bhd..

Mr. Fong Chu King joined SSSFI in 2002 after his retirement from Megasteel Mills Sdn. Bhd.. He has more than twenty five (25) years of working experience in manufacturing industry. As the Executive Director and General Manager, he is fully in-charge of the operation and plant expansion of the Group.

Directors' Profile (Cont'd)

Mr. Fong Chu King has attended all five (5) Board Meetings held during the financial year ended 31 December 2011. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Fong Chu King is a sibling of Mr. Fang Chew Ham who is Managing Director of the Company.

MR. FOONG CHIEW FATT

Non-Independent Executive Director

(Resigned on 29 February 2012)

79 years of age

Malaysian

Mr. Foong Chiew Fatt was appointed to the Board of the Company on 10 May 2002 and has served as a Non-Independent Executive Director since then. He brings with his vast experience in the sauce making industry and is one of the contributors to the long term strategy of the Group.

Mr. Foong Chiew Fatt did not attend any of the five (5) Board Meetings held during the financial year ended 31 December 2011. His alternate Director Mr. Fong Chiew Hean had attended all the five (5) Board Meetings on his behalf. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Foong Chiew Fatt is a sibling of Mr. Fang Chew Ham and Mr. Fong Chu King who are the Directors of the Company.

Mr. Foong Chiew Fatt is also a sibling to his Alternate Director, Mr. Fong Chiew Hean. Mr. Foong Chiew Fatt had resigned as Non-Independent Non-Executive Director on 29 February 2012.

MR. FONG CHIEW HEAN

Independent Non-Executive Director

(Alternate Director to Mr. Foong Chiew Fatt and resigned as Alternate Director to Director Mr. Foong Chiew Fatt on 29 February 2012)

75 years of age

Malaysian

Mr. Fong Chiew Hean was appointed to the Board on 24 February 2011 as the Alternate Director to Mr. Foong Chiew Fatt, a Non-Independent Executive Director of the Company. He has intensive experience in the sauce making industry.

Mr. Fong Chiew Hean as Alternate Director to Mr. Foong Chiew Fatt, had on his behalf, attended all the five (5) Board Meeting during the financial year ended 31 December

2011. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Fong Chiew Hean is a sibling of Mr. Fang Chew Ham and Mr. Fong Chu King, both of whom are Directors of the Company. Mr. Fong Chiew Hean ceased to act as an Alternate Director to Director Mr. Foong Chiew Fatt when the said Mr. Foong Chiew Fatt resigned as Non-Independent Non-Executive Director on 29 February 2012.

MR. CHEW ENG CHAI

Independent Non-Executive Director

62 years of age

Malaysian

Mr. Chew Eng Chai was appointed to the Board of the Company on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Mr. Chew Eng Chai is a fellow member of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr. Chew Eng Chai was formerly the Director of Yeo Hiap Seng (Malaysia) Berhad, a company he had joined since 1975. He has more than twenty seven (27) years of experience in the Food & Beverage industry.

Mr. Chew Eng Chai has attended all five (5) Board Meetings held during the financial year ended 31 December 2011. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. TAN CHON SING @ TAN KIM TIENG

Independent Non-Executive Director

73 years of age

Malaysian

Mr. Tan Chon Sing @ Tan Kim Tieng was appointed to the Board of the Company on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as Chairman of the Remuneration Committee and member of the Audit Committee of the Company.

Mr. Tan Chon Sing graduated in 1963 with a Bachelor of Commerce in Accounting from Nanyang University, Singapore. He was a former banker for eleven (11) years before joining the securities industry in 1976 and was admitted as a member of Bursa Malaysia Securities Berhad in 1987.

Directors' Profile (Cont'd)

Mr. Tan Chon Sing was appointed as Executive Director of Seremban Securities Sdn. Bhd.; now known as Malpac Management Sdn. Bhd. till November 2001. He is currently a Director of Malpac Holdings Berhad and also serves as Director of several private limited companies.

Mr. Tan Chon Sing has attended all five (5) Board Meetings held during the financial year ended 31 December 2011. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MS. FANG SIEW YEE

Non-Independent Executive Director

32 years of age

Malaysian

Ms. Fang Siew Yee was appointed to the Board of the Company on 03 March 2004 and has served as a Non-Independent Executive Director since then.

Ms. Fang Siew Yee graduated with Honours Degree in Bachelor of Art in Business Administration (Management) in 2001 from the University of Greenwich, London. She then joined San Soon Seng Food Industries Sdn. Bhd. in 2001 as Assistant Manager and is responsible for the administrative and purchasing matters of the Group.

Ms. Fang Siew Yee has attended all the five (5) Board Meetings held during the financial year ended 31 December 2011. She has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Ms. Fang Siew Yee is the spouse of Mr. Liew Kuo Shin, Alternate Director to Director Mr. Fong Chu Tong @ Fong Chu King; daughter of Managing Director Mr. Fang Chew Ham; and sibling of Ms. Fang Siew Ping who was appointed as her Alternate Director on 29 February 2012.

MR. LIEW KUO SHIN

Non-Independent Executive Director

(Resigned as Non-Independent Executive Director and re-appointed as Alternate Director to Director Mr. Fong Chu King @ Tong Chu King on 29 February 2012)

34 years of age

Malaysian

Mr. Liew Kuo Shin was appointed to the Board of the Company on 27 September 2004 and has served as a Non-Independent Executive Director since then.

Mr. Liew Kuo Shin graduated as a Mechanical Engineer and has joined San Soon Seng Food Industries Sdn. Bhd. in 2001. He serves as a General Factory Manager of the Group

and is responsible for the plant production functions, and overall co-ordination of all plants. He is also in-charge of maintenance of plant and machinery in 3A Group.

Mr. Liew Kuo Shin has attended all five (5) Board Meetings held during the financial year ended 31 December 2011. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Liew Kuo Shin is the spouse of Director Ms. Fang Siew Yee. He had resigned as a Non-Independent Executive Director and was re-appointed as an Alternate Director to Director Mr. Fong Chu Tong @ Fong Chu King on 29 February 2012.

MS. FANG SIEW PING

Non-Independent Executive Director

(Resigned as Non-Independent Executive Director and re-appointed as Alternate Director to Director Ms. Fang Siew Yee)

30 years of age

Malaysian

Ms. Fang Siew Ping was appointed to the Board of the Company on 27 September 2004 and has served as a Non-Independent Executive Director since then.

Ms. Fang Siew Ping graduated with a Bachelor's Degree in Chemistry from the United States of America and joined San Soon Seng Food Industries Sdn. Bhd. in 2004 as R&D Manager and heads the R&D Department of 3A Group.

Ms. Fang Siew Ping has attended all five (5) Board Meetings held during the financial year ended 31 December 2011. She has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Ms. Fang Siew Ping is the daughter of Mr. Fang Chew Ham; and sibling of Ms. Fang Siew Yee, all of whom are the Directors of the Company. She has resigned as a Non-Independent Executive Director and re-appointed as Alternate Director to Director, Ms. Fang Siew Yee on 29 February 2012.

Directors' Profile (Cont'd)

MR. KHOO WEE BOON

Independent Non-Executive Director
63 years of age
Malaysian

Mr. Khoo Wee Boon was appointed to the Board of the Company on 27 September 2004 and serves as an Independent Non-Executive Director of the Company.

Mr. Khoo Wee Boon had completed GCE in 1966 from University of Cambridge and completed Advance Bank Management Program from Asia Institute of Management; Eugenio Lopez Foundation of which is an affiliate of Ateneo De Manila University and La Salle University, Manila in 1989.

Mr. Khoo Wee Boon began his career as an Internal Auditor in Malayan Banking Berhad from 1973 to 1979, and as a Credit Officer in Maybank from 1979 to 1982. From 1984 to 1995, he was a Manager in Affin Bank Berhad and as a Dealer Representative in Omega Securities Berhad from 1995 to 1998. He is currently a Dealer Representative with Hwang-DBS Investment Bank Berhad.

Mr. Khoo Wee Boon has attended five (5) Board Meetings held during the financial year ended 31 December 2011. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

ENCIK MOHD ZAKI BIN HAMZAH

Independent Non-Executive Director
54 years of age
Malaysian

Encik Mohd Zaki Bin Hamzah was appointed to the Board of the Company on 09 January 2007 and serves as an Independent Non-Executive Director of the Company. He also serves as a member of the Audit Committee of the Company.

Encik Mohd Zaki Bin Hamzah graduated from the State University of New York, Binghamton with a Bachelor of Science in Accounting and has a Master in Business Administration in Management Information System and Finance.

Encik Mohd Zaki Bin Hamzah was a consultant with Arthur Andersen & Co. prior to joining Bank Bumiputra Malaysia Berhad as an EDP Audit Manager in 1986. He subsequently assumed the role of Chief Internal Auditor of the banking group until his resignation in 1998. Presently, he also serves as Director of Aikbee Resources Berhad since 2000.

Encik Mohd Zaki Bin Hamzah has attended all five (5) Board Meetings held during the financial year ended 31 December 2011. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MS. SUN YI-LING

Non-Independent Non Executive Director
35 years of age
Malaysian

Ms. Sun Yi-Ling was appointed to the Board of the Company on 16 November 2009 and serves as a Non-Independent Non-Executive Director of the Company.

Ms. Sun Yi-Ling graduated with a Bachelor of Science in Economics (First Class Honours) from The London School of Economics and Political Science. She also holds a Masters of Business Administration from Harvard Business School. She was previously with Bain & Company, a global strategy consulting firm from 1998 to 2008. She joined Wilmar International Limited in year 2008 in Business Development Division and is now their Senior Business Development Manager.

Ms. Sun Yi-Ling has attended all five (5) Board of Directors Meetings held during the financial year ended 31 December 2011 and she has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Corporate Social Responsibility

The Board of 3A Group has always been mindful of its “Corporate Social Responsibility” (“CSR”) towards the community, environment, its stakeholders and its employees and views CSR as an extension of the Group’s efforts in fostering a strong corporate governance culture. Ultimately, both corporate governance and CSR would ensure the sustainability of business via good business practices as both influence corporate strategy and draw on the same elements of accountability, honesty, transparency and sustainability.

The Group’s initiatives in supporting CSR will be an on-going commitment and in year 2011, the Group has made contributions to the following charitable organisations as well as participations in charitable events:-

- (a) Kesatuan Kebangsaan Pembantu Tadbir Kesihatan Semenanjung Malaysia
- (b) Kejohanan Badminton Antara Jabatan Majlis Bandaraya Shah Alam
- (c) “Charity for Fund-Raising Project” by Fu Choo Mia
- (d) Buletin Teknologi Makmal Perubatan Kementerian Kesihatan Malaysia
- (e) “Skuad 69 PDRM” by Persatuan Kebajikan Bekas Anggota Skuad 69 Polis Diraja Malaysia
- (f) “Sumbangan Tabung Kebajikan, Pendidikan dan Pembangunan PBPM” by Persatuan Bekas Polis Malaysia
- (g) “To Promote A Caring Society” by Happy Seniors Cultural & Arts Studies
- (h) Buletin Pembantu Kesihatan Awam by Kesatuan Pembantu Kesihatan Awam Semenanjung Malaysia

The Board believes that our employees as stakeholders are an essential asset of the Group. Accordingly, we strive to provide them a conducive and safe environment by providing safety and job related training. We ensure open two-way communication channels are available to all employees so as to facilitate better understanding of the Company’s objectives and direction. The Company conducted talk sessions to provide an avenue for employees to engage with the management and network among each other. These sessions allow the Company’s management to share the business direction and policies with employees at the operational level. Such sessions also provide opportunities for employees to provide their feedback and provide inputs for business and operational improvements. The Company also places the utmost importance on ensuring employee safety in the workplace. The Company has organised in-house safety programs to ensure the workers know how to effectively handle the Company’s machineries and equipments, tools and vehicles.

Consideration for the environment is an important issue in all aspects of the Group’s operations. We have invested substantially in a water treatment plant to ensure that all waste water is properly treated before it is discharged.

The Board also believes that CSR is a good business proposition of which 3A Group would have better reputation, sales and customer loyalty. Thus, these positive attributes would enhance long-term shareholder value.

Corporate Governance Statement

The Board of Directors (“Board”) of Three-A Resources Berhad (“3A”) remains committed to the best practices and principles of good corporate governance as set out in the Malaysian Code on Corporate Governance (the “Code”) as well as the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) for the Main Market. Excellent corporate governance is essential to good business performance and the numerous past corporate governance awards accorded to 3A testify that the Board, Management and staff of 3A remain, steadfast and focused in ensuring the highest level of corporation governance so that the interest of investors and all other stakeholders are well taken care of.

The Board is pleased to disclose below the Group’s applications of the principles and corporate governance practices as set out in the Code throughout the financial year.

DIRECTORS

The Board

The Board is responsible for the overall governance of the Group and discharges this responsibility through compliance with relevant rules, laws, regulations, directives and guidelines in addition to adopting the best practices in the Malaysian Code of Corporate Governance.

The Board’s main responsibility is to lead and manage the Group in an effective manner including developing strategic directions and objectives in line with its vision and missions, implement plans and supervise the conduct of the Group’s business as a whole. The Board’s role is to provide leadership of the Group within a framework of prudent and effective controls whilst ensuring risks are consistently assessed and controlled.

The Board conducts on-going review and evaluation of the Group’s strategic plans to ensure the Group’s focus is in line with the constantly evolving market conditions as well as identifying new businesses and opportunities. The Board also ensures that an adequate system of internal controls is in place and adopts appropriate measures to mitigate any foreseeable and/or unexpected risks.

The Board shall review the terms of office and performance of the members of the Audit Committee at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

Board Balance

The Board consists of nine (9) members; comprising three (3) Non-Independent Executive Directors (including Managing Director), one (1) Non-Independent Non-Executive Director, five (5) Independent Non-Executive Directors and two (2) Alternate Directors.

The Board comprises members with a wide range of business, financial and technical service background. The size of the Board is optimum given the scope, size and complexity of the Group’s operations. The composition of the Board is well balanced with an effective mix of four (4) Non-Independent Directors and five (5) Independent Directors which complies with the Bursa Malaysia Securities Berhad / Main Board Listing Requirements that requires a minimum of two (2) or one-third (1/3) of the Board to be Independent Directors.

There is a clearly accepted division of responsibility between the Chairman and the Managing Director to ensure balance of power and authority. The Executive Directors have primary responsibilities for managing the Group’s day-to-day operations and together with the other Directors, to ensure that the strategies are fully discussed and examined and take into consideration the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business.

The Independent Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest and facilitate them to carry out their roles and responsibilities as Independent Directors effectively. The Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties. The cost of securing such professional services will be borne by 3A.

Corporate Governance Statement (Cont'd)

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders within the Group.

The profiles of the Board Members are presented on pages 10 to 13.

Board Meetings and Supply of Information to the Board

Board meetings for the following financial year are scheduled in advance before the end of the current financial year so as to facilitate the Directors to plan ahead and organise the next year's Board meetings into their respective schedules.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient matters noted by the Audit Committee and which require the Board's notice or direction.

The Board meetings are chaired by the Independent Non-Executive Chairman, Dato' Mohd Nor Bin Abdul Wahid, who has the responsibility of ensuring that each of the agenda items is adequately reviewed and thoroughly deliberated within a reasonable timeframe.

In advance of each Board meeting, the members of the Board are provided with the agenda and board papers including status report, performance and management report so that the Directors have ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision making by the Directors.

The board papers provide, amongst others, periodical financial and corporation information, significant operational, financial and corporate issues, performance of the various products manufactured by the Group and management proposals that requires Board's approval.

At the Board meetings, the Board reviews the Group's business operations by analysing the profit and loss account and balance sheet of the Group as compared to the same corresponding period. The Board also notes the decisions and salient issues deliberated by the Audit Committee which are tabled to the Board.

The Directors are regularly updated by the Company Secretary on the new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Director of the Group. The Company Secretary attends all Board meetings and ensures that accurate and adequate records of the proceedings of the Board meetings and decisions made are properly kept.

All Board members have full and timely access to information on the Group's businesses and affairs for the discharge of their duties and responsibilities. Where necessary, senior management staffs as well as advisors and professionals appointed to act for the Group on corporate proposal may be invited to attend the Board meeting to furnish with the Board their comments and advice on the relevant proposal tabled.

The Board met five (5) times during the financial year ended 31 December 2011. Additional meetings are held as and when required. The dates of the Board Meetings and Emergency Board Meetings are as follows:-

- 24 February 2011
- 18 May 2011
- 23 August 2011
- 15 November 2011
- 22 November 2011

Corporate Governance Statement (Cont'd)

Details of attendance of each Director at the Board meetings held under the financial year are set out as follows:

Directors	Number of Board Meetings Held	Number of Board Meetings Attended
Dato' Mohd Nor Bin Abdul Wahid	5	5
Fang Chew Ham	5	5
Fong Chu King @ Tong Chu King	5	5
Fong Chiew Hean, Alternate Director to Foong Chiew Fatt (resigned on 29 February 2012)	5	5
Chew Eng Chai	5	5
Tan Chon Sing @ Tan Kim Tieng	5	5
Fang Siew Yee	5	5
Liew Kuo Shin (resigned on 29 February 2012)	5	5
Fang Siew Ping (resigned on 29 February 2012)	5	5
Khoo Wee Boon	5	5
Mohd Zaki Bin Hamzah	5	5
Sun Yi-Ling	5	5

Appointment to the Board

The appointment of any additional Director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise, skills, experience and competencies required for an effective Board. The proposed appointment of a new Member to the Board will be deliberated on by the Board based upon the recommendation by the Nomination Committee on the necessity for and qualification and experience of the proposed Director.

Re-Appointment and Re-Election of Directors

In accordance with the Company's Articles of Association, it provides that at every Annual General Meeting, at least one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all Directors except a Managing Director appointed for a fixed period pursuant to these Articles shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every Annual General meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

The re-appointment and re-election of Directors at the annual general meeting is subject to the prior assessment by the Nomination Committee.

Independent Non-Executive Chairman Dato' Mohd Nor Bin Abdul Wahid, Managing Director Mr. Fang Chew Ham and Independent Non Executive Director Mr. Chew Eng Chai are due to retire pursuant to Article 86 of Articles of Association of the Company at the Annual General Meeting scheduled to be held on 18 April 2012 and will be recommended for re-election by the Board pursuant to the Articles.

Non-Independent Non-Executive Director Mr. Tan Chon Sing @ Tan Kim Tieng who has exceeded the age of 70 years will retire pursuant to Section 129(6) of the Companies Act, 1965 and had offered himself for re-appointment by the Board pursuant to the Articles.

In determining whether to recommend a Director for re-election and re-appointment, the aforesaid Director's attendance at meetings, participation and contribution to the activities of the Board will be duly considered by the Nomination Committee.

The Nomination Committee is satisfied that the above mentioned Directors have met the requirements set out above and have recommended to the Board of Directors their re-election and re-appointment at the Annual General Meeting scheduled to be held on 18 April 2012. All the above mentioned Directors have consented to serve as Directors, if elected, by the shareholders at this forthcoming Annual General Meeting.

Corporate Governance Statement (Cont'd)

THE BOARD COMMITTEES

The Board delegates certain authorities to Board Committees that operate under clearly defined written terms of reference and operating procedures duly approved by the Board.

The functions and terms of reference of Board Committees as well as authority delegated by the Board to these Committees, have been approved by the Board and are reviewed from time to time to ensure that they are relevant and up-to-date.

The various Committees report the outcome of their meetings to the Board which are then incorporated in the Board's minutes. The Board Committees are as follows:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

Audit Committee

The Audit Committee currently comprises three (3) Independent Non-Executive Directors. The Committee meets not less than four (4) times a year and is governed by clearly defined terms of reference. In the financial year ended 31 December 2011, the Committee met four (4) times. Details of the composition of the Audit Committee and attendance of Members at Meetings held in 2011 are as follows:-

Members of Audit Committee and Meeting Attendance

Membership Status	Name	Meeting Attendance
Chairman <i>Independent Non-Executive Director</i>	Chew Eng Chai	4/4
Member <i>Independent Non-Executive Director</i>	Tan Chon Sing @ Tan Kim Tieng	4/4
Member <i>Independent Non-Executive Director</i>	Mohd Zaki Bin Hamzah	4/4

Meetings are to be held as and when necessary. The quorum for each meeting is two (2). The minutes of the Audit Committee meetings are tabled at the Board for noting and for action by the Board, where appropriate. Recommendations of the Committee are submitted to the Board for approval.

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 24 to 27 of this Annual Report.

Nomination Committee

The Nomination Committee was set up in November 2002 and their salient terms of reference are as follows:-

- To review Board structure, size and composition
- To propose nominees for appointment to the Board
- To assist the Board annually in reviewing the required mix of skills and experience and other quality which Non-Executive Directors should bring to the Board
- To annually carry out the assessment of the overall effectiveness of the Board
- To review management's proposals for the appointment, dismissal, transfer, promotion of senior executives

Corporate Governance Statement (Cont'd)

Meetings are to be held as and when necessary. The quorum for each meeting is two (2). Recommendations of the Committee are submitted to the Board for approval. In the financial year ended 31 December 2011, the Committee met once and the composition of the Nomination Committee and frequency of meetings of Committee are as follows:-

Members of Nomination Committee and Meeting Attendance

Membership Status	Name	Meeting Attendance
Chairman <i>Independent Non-Executive Director</i>	Mohd Zaki Bin Hamzah	1/1
Member <i>Independent Non-Executive Director</i>	Chew Eng Chai	1/1
Member <i>Independent Non-Executive Director</i>	Fong Chu King @ Tong Chu King	1/1

Remuneration Committee

The Remuneration Committee has a formal and transparent procedure to review each Director's remuneration package which take into consideration on corporate and individual performance; experience and level of responsibilities of the Directors concerned. The Remuneration Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board. None of the Executive Directors participate in any way in determining their individual remuneration.

The Board as a whole determines the level of remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. Directors' fees, if any, are approved at the Annual General Meeting by the shareholders.

The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages, where necessary.

Meetings are held as and when necessary and at least once a year. The quorum for each meeting shall be two (2). Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions.

The Remuneration Committee held one (1) meeting which was attended by all members during the financial year to review and recommend to the Board on the remuneration of the Directors.

Members of Remuneration Committee and Meeting Attendance

Membership Status	Name	Meeting Attendance
Chairman <i>Independent Non-Executive Director</i>	Tan Chon Sing @ Tan Kim Tieng	1/1
Member <i>Independent Non-Executive Director</i>	Chew Eng Chai	1/1
Member <i>Independent Non-Executive Director</i>	Dato' Mohd Nor Bin Abdul Wahid	1/1

Corporate Governance Statement (Cont'd)

DIRECTORS' REMUNERATION

The remuneration package for Directors comprise the following elements:-

Fees and Meeting Allowance

The fees payable to each of the Non-Executive Directors are determined by the board. All Non-Executive Directors are paid meeting allowances as determined by the Board for attending the Audit Committee and Board meetings.

Basic Salaries and Bonuses

The basic salaries for the Executive Directors are recommended by the Remuneration Committee to the Board for the approval of the Board.

The details of the remuneration of Directors for the financial year ended 31 December 2011 are as follows:-

Aggregate remuneration of Directors categorised into appropriate components:-

Membership Status	Executive Directors	Non-Executive Directors
Salaries and other emoluments	RM1,898,640	RM90,000
Bonus	RM830,000	RM -
Defined contribution plan	RM323,952	RM -
Directors' Remuneration Total	RM3,052,592	RM90,000

The number of Directors whose total remuneration fall within the following bands for the financial year ended 31 December 2011 were as follows:-

	Number of Directors
Executive Directors:	
RM250,001 – RM300,000	1
RM300,001 – RM350,000	2
RM350,001 – RM400,000	1
RM550,001 – RM600,000	-
RM650,001 – RM700,000	1
RM900,001 – RM950,000	-
RM1,000,001 – RM1,050,000	-
RM1,050,001 – RM1,100,000	1
Non-Executive Directors:	
Below RM50,000	6

NUMBER OF DIRECTORSHIPS IN OTHER COMPANIES

Directors of the Company do not hold more than ten (10) directorships in public listed companies and not more than fifteen (15) in non-public listed companies as required by the Listing Requirements. The listing of directorships held by Directors is disclosed by the respective Directors to the Board to ensure compliance to the above Listing Requirement.

Corporate Governance Statement (Cont'd)

DIRECTORS' TRAINING AND EDUCATION

All Directors have successfully completed the Mandatory Accreditation Programme and attended the relevant seminars and training recognised under the Directors' Continuing Education Programme as prescribed by Bursa Malaysia Securities Berhad.

The Directors have continued to participate in relevant training programmes to keep abreast with the latest developments in the security industry, particularly in areas of corporate governance and regulatory changes so that they would be able to discharge their duties as Directors effectively.

For the year ended 31 December 2011 and up to the date of report, the conferences, seminars and training programmes attended by certain Directors were in respect of the following areas:-

- (a) Occupational First Aid Training
- (b) Food Hygiene Monitoring Seminar
- (c) System Training for Orisoft Unified HCMS Suite
- (d) Eco Biotechnology Equipment Division Training Program
- (e) Food Handler Training
- (f) Corporate Deferred Taxation Under FRS 112
- (g) Awareness Training of FSSC ISO 22000 & PAS 220
- (h) "Kursus Wajib Tenaga Pengajar Latihan Pengendali Makanan (LPM)"

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to provide a balanced, clear and comprehensive assessment of the financial performance and prospects of the Company and of the Group in all the disclosures made to the stakeholders and the regulatory authorities. Following discussions with the external auditors, the Directors consider that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates; and that financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Directors recognise the responsibility for ensuring that accounting records are properly kept.

The Board is assisted by the Audit Committee to oversee the financial reporting process and the quality of the financial reporting of the Group. The Audit Committee reviews and monitors the integrity of the Company and of the Group's annual and interim financial statements and reviews the appropriateness of the Company and of the Group's accounting policies and changes to these policies as well as ensures these financial statements comply with accounting and regulatory requirements.

The Board of Directors also have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements is set out on page 22 of the Annual Report.

Corporate Governance Statement (Cont'd)

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at end of the financial year and of their results and cash flow for the financial year then ended. In preparing these financial statements, the Directors have:-

- adopted suitable accounting policies and applying them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

Internal Controls

The Statement on Internal Control furnished in the annual report provides an overview of the state of internal controls within the Group.

Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors is included in the Audit Committee's terms of reference as detailed in the Audit Committee Report.

Internal Audit

The Group has outsourced an Internal Auditor which assists the Audit Committee in the discharge of its duties and responsibilities. Its role is to provide independent and objective reports on the organisation's management, records, accounting policies and control to the Board.

The internal audit function reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of maintaining accountability and transparency to its shareholders through proper communication with its shareholders. The Company reaches out to its shareholders through its distribution of the annual reports.

All shareholders are encouraged to attend the Company's Annual General Meeting and to participate in the proceedings. Shareholders' suggestions received during Annual General Meeting are reviewed and considered for implementation, whenever possible. Every opportunity is given to the shareholders to ask questions and seek clarification on the performance of the Group.

The Group also provides corporate information as well as highlighting key financial information in order to facilitate shareholders' easy access to the information.

Corporate Governance Statement (Cont'd)

The Group has also established a website (www.three-a.com.my) in which shareholders can access information related to the Group. Investors and members of the public who wish to assess corporate and financial information that is made public such as the quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirement of Bursa Malaysia Main Market Listing Requirements and other corporate information and events related to the Group can channel their queries to the following personnel:

Fong Peng Fai

Finance Manager

E-mail : pf.fong@three-a.com.my

Jessica Fang Siew Yee

Executive Director

E-mail : jessica.fang@three-a.com.my

Tel No. : (03) 6156 2655

Website : www.three-a.com.my

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be disclosed to the public.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 29 February 2012.

Audit Committee Report

CHAIRMAN

Chew Eng Chai
Independent Non-Executive Director
Member of the Malaysian Institute of Accountants

MEMBERS

Tan Chon Sing @ Tan Kim Tieng
Independent Non-Executive Director

Mohd Zaki Bin Hamzah
Independent Non-Executive Director

MEMBERSHIP AND ATTENDANCE

A total of four (4) meetings were held during the financial year. The record of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2011 are as follows:-

Composition of Audit Committee	Numbers of Audit Committee Meetings	
	Held	Attended
Chew Eng Chai <i>Chairman/Independent Non-Executive Director</i>	4	4
Tan Chon Sing @ Tan Kim Tieng <i>Member/Independent Non-Executive Director</i>	4	4
Mohd Zaki Bin Hamzah <i>Member/Independent Non-Executive Director</i>	4	4

All the four (4) meetings convened during the year were attended by all the members. Upon invitation by the Audit Committee, the Directors, Finance Manager, Internal Auditors, External Auditors and other members of senior management attended all the meetings from time to time. The Audit Committee had also met up two (2) times with the External Auditors without the presence of the employees during the financial year. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

COMPOSITION AND TERMS OF REFERENCE

Members

The Audit Committee shall comprise at least three (3) Non-Executive Directors (but not their Alternate), all of whom are independent, including the Chairman. All members of the Audit Committee shall be financially literate and at least one (1) member shall be a professional or qualified accountant. Any vacancy resulting in there being no majority of Independent Directors shall be filled within three (3) months.

The membership and performance shall be reviewed at least once every three (3) years.

Chairman

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Non-Executive Director.

Audit Committee Report (Cont'd)

Meetings

- The Audit Committee shall meet at least four (4) times annually. Additional meetings may be called at any time at the Audit Committee Chairman's discretion or if requested by any Audit Committee member, the management, the internal or external auditors.
- The Finance Director and Head of Internal Audit will attend the meetings. Other Board and representatives of the external auditors members may attend meetings upon the invitation of the Audit Committee.
- The Audit Committee members shall meet with external auditors without Executive Board members at least twice (2) a year.
- The Chairman of the Audit Committee shall engage on a continuous basis with senior management such as the Chairman, Chief Executive Officer, Finance Director, the Head of Internal Control and the external auditors in order to be kept informed of matters affecting the Company.
- The quorum for each meeting shall be two (2).
- The Company Secretary shall be the Secretary to the Audit Committee.
- Minutes of each meeting will be circulated to each member of the Audit Committee and the Audit Committee Chairman shall report on each meeting to the Board.

Authority

- The Audit Committee shall, at the Company's expenses, have authority to investigate any matter within its terms of reference or as otherwise directed by the Board, to determine the resources and to have full access to any information including to employees and external and internal auditors which are required to perform its duties.
- The Audit Committee shall have direct communication channels with the internal and external auditors and is authorised to seek independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and to convene meeting with the external auditors and internal auditors or both, excluding the attendance of the other Directors and employees of the listed company whenever deemed necessary.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee are as follows:-

Internal Audit and Risk Management

- To review and report the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its works as well as to review the status reports from Internal Auditors and ensure that appropriate actions have been taken to implement the internal audit recommendations;
- To review the adequacy and effectiveness of risk management and internal control system instituted within the Group;
- To request and review any special audit which it deems necessary.

External Audit

- To discuss and review with the external auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group; and to ensure co-ordination where more than one (1) audit firm is involved;
- To review with the external auditors, their evaluation of the system of internal controls and audit findings;
- To discuss problems and reservations arising from the interim and final audit, and any other matters the auditors may wish to discuss in the absence of the management where necessary and to review the external auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken;
- To review the audit report with the external auditors;
- To review the suitability of the external auditors for recommendation to the Board for re-appointment and the audit fee thereof and to make appropriate recommendations to the Board on matters of resignation or dismissal of external auditors.

Audit Committee Report (Cont'd)

Financial Reporting

- To review the annual audited financial statements of the Group and quarterly results of the Group, and thereafter submit them to the Board for approval, focusing particularly on:
 - Any significant changes to accounting policies and practices;
 - The going concern assumptions;
 - Significant adjustments arising from the audit;
 - Compliance with accounting standards and other legal requirements;
 - Significant and unusual events.
- To ensure prompt publication of annual audited financial statements.

Related Party Transactions

- To review any related party transactions that may arise within the Group.

Other Functions

- To perform any other functions as may be agreed by the Audit Committee and the Board.
- To consider the major findings of internal investigations and management's response.

ACTIVITIES FOR THE YEAR

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Committee for the financial year ended 31 December 2011 under review in accordance with its functions and duties.

Internal Audit

- Reviewed the Internal Audit plan, resources and scope of audit.
- Reviewed the major findings of Internal Audit reports and their recommendations relating thereto.
- Reviewed the Group's systems and practices for the identification and management of risks.

Financial Results

- Reviewed the annual audited financial statements of the Group, quarterly results of the Group, and thereafter recommend to the Board for approval.
- Reviewed the new accounting standards applicable in the preparation of the consolidated financial statements and the additional regulatory disclosure requirements.

External Audit

- Reviewed the suitability of the external auditors and recommended to the Board for re-appointment and the audit fee thereof.
 - Discussed and reviewed the external auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group;
 - Reviewed the external auditors' evaluation of the system of internal controls;
 - Reviewed the external auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken;
 - Reviewed the external auditors' audit report;
 - The Committee met twice with the external auditors without the presence of the Management for the financial year ended 31 December 2011.

Related Party Transactions

- Reviewed the recurrent related party transactions of a revenue nature that had arisen within the Group, and the Group's procedures for monitoring and reviewing of related party transactions to satisfy itself that the procedures were sufficient to ensure that the related party transactions were carried out on normal commercial terms which were not prejudicial to the interests of shareholders and that the terms of the related parties transactions were not more favourable to the related parties than those generally available to the public and also not detrimental to interests of minority shareholders.

Audit Committee Report (Cont'd)

INTERNAL AUDIT FUNCTION

The Committee acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group's Internal Audit function is outsourced to an independent consultant to assist the Audit Committee and the costs incurred for the Internal Audit function in respect of the financial year ended 31 December 2011 was about RM24,000. The function, which is independent of the activities and operations conducts independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. This provides reasonable assurance that such system would continue to operate satisfactorily and effectively in the Company and the Group. The Internal Audit function reports directly to the Audit Committee and assists the Board in monitoring the internal controls to mitigate the risks.

The scope of internal audit plan covers the risk management, control and governing processes, and audit of the Group's operations. The activities of the Internal Audit for the financial year ended 31 December 2011 under review include the following:

- Ascertained the extent of compliance with established policies, procedures and statutory requirements.
- Undertook special reviews requested by the Audit Committee and/or management.
- Assessed the means of safeguarding assets and verified their existence.
- Approved the Internal Audit Plan each year. Present internal audit findings and makes appropriate recommendations on any areas of concern within the Company and the Group for the Committee's deliberation and to enhance efficiencies to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

In year 2011, a total of four (4) audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

Statement On Internal Control

INTRODUCTION

Pursuant to paragraph 15.27 (b) of the Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as guided by the Bursa Securities’s Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors (“the Board”) of Three-A Resources Berhad is pleased to include a statement on the state of the Company’s internal controls in the annual report.

BOARD RESPONSIBILITY

The Board is responsible for the Group’s system of internal control and for reviewing the adequacy and integrity of the system. The Board recognises the importance of a sound system of internal controls for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control system are reviewed on an ongoing basis. The Board also acknowledges that a sound system of internal controls reduces, but cannot eliminate the possibility of poor judgement in decision making; human error; breakdown in internal control due to collusion; control processes being deliberately circumvented by employees and others; management overriding controls and occurrence of unforeseeable circumstances. A sound system of internal control therefore provided reasonable but not absolute, assurance that the Group will not be hindered in achieving its business objectives. The Board engages an independent consultant to assist the Board in reviewing and appraising the internal control system within the Group.

CONTROL STRUCTURE

The Board has established a structure with clearly defined areas of responsibility and delegated authority.

The Audit Committee assists the Board in its responsibilities over the system of internal control. Its independence is assured by the composition of a majority of Independent Directors. As highlighted in the Audit Committee Report, the Audit Committee has full access and direct communication with the External and Internal Auditors in discharging its responsibilities.

The Internal Auditor assists the Audit Committee with the examination and evaluation of the adequacy and effectiveness of internal control system, including risk assessment process and operational control activities.

RISK MANAGEMENT

The Board constantly reviewed the risk management guidelines, procedures and standards to ensure they provide effective governance of our risk-taking activities. The maximum risk exposure or risk tolerance is also reviewed as and when required. The Risk Management Committee established recently is principally tasked to identify key business risks and develop related management action plans to manage the risks identified.

MONITORING AND REVIEW ACTIVITIES

The processes for monitoring the internal control system are embedded in the periodic examination by the Internal Auditor of the adequacy and effectiveness of internal control.

The findings of Internal Auditor are reported directly to the Audit Committee. The Audit Committee also reviews the reports from the External Auditors on issues relating to internal controls and financial reporting. The Audit Committee in turn reports to the Board, its findings and consequently its conclusion on the effectiveness of internal control system quarterly.

Statement On Internal Control (Cont'd)

Key features of the internal control framework of the Group are as follows:-

- Regular and comprehensive information provided to Directors, covering key business, operations, assets and liabilities, and financial performance issues.
- Policies, Procedures and Work Instructions to guide operational processes.
- Compliance, progress audits and operations reviews undertaken and reported to the Audit Committee on a quarterly basis.

EFFECTIVENESS OF INTERNAL CONTROL

The Board will continuously take appropriate steps to strengthen the transparency and efficiency of its operations. It is the intention of the Board and its management to undertake a comprehensive review on the governance and internal control framework at those entities where management control exists. Emphasis will be given by the Board to enhance and refine the risk management framework within the Group for the purposes of ensuring that a culture of ownership, management and accountability for risk exists throughout the Group. This will be supported by an assessment of the operations in relation to the adequacy and integrity of the controls by the internal audit function. Other initiatives deemed necessary will be considered from time to time to ensure that the control environment remains reasonable secure.

During the year, the Credit Control Committee was established principally to review the credit control policy and the effectiveness of the underlying internal control system.

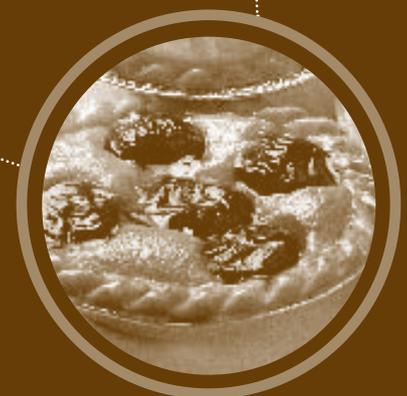
The effectiveness of the system of internal control is also reviewed through ISO 9001:2008 and HACCP certification held by the Group. Surveillance visits are carried out annually by auditors from Moody International Certification (Malaysia) Sdn. Bhd. and a complete re-audit and re-assessment is carried out once every three (3) years. Demanding documentation requirements of the certification further ensure that a trail of accountability exists in this division.

The Board is of the opinion that there were no material losses incurred during the financial year as a result of weaknesses in internal control. Nevertheless the Board and Management continue to take appropriate measures from time to time to strengthen the existing control environment within the Group.

This Statement is made in accordance with a resolution by the Board dated 29 February 2012.

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Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after taxation	15,255,496	5,208,614

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2010 were as follows:

	RM
In respect of the financial year ended 31 December 2010 as reported in the Directors' report of that year:	
1.2 sen tax exempt interim dividend on 393,600,019 ordinary shares, declared on 29 November 2010 and paid on 11 January 2011.	4,723,200
In respect of the financial year ended 31 December 2011:	
1.2 sen tax exempt interim dividend on 393,600,019 ordinary shares, declared on 18 November 2011 and paid on 10 January 2012.	4,723,200

The Directors do not recommend any final dividend for the financial year ended 31 December 2011.

Directors' Report (Cont'd)

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Mohd Nor Bin Abdul Wahid

Fang Chew Ham

Fong Chu King @ Tong Chu King

Chew Eng Chai

Tan Chon Sing @ Tan Kim Tieng

Fang Siew Yee

Khoo Wee Boon

Mohd Zaki Bin Hamzah

Sun Yi-Ling

Fang Siew Ping

(Alternate Director to Fang Siew Yee)

Liew Kuo Shin

(Alternate Director to Fong Chu King @ Tong Chu King)

Foong Chiew Fatt

Fong Chiew Hean

(Alternate Director to Foong Chiew Fatt)

(Resigned as Director and appointed as Alternate Director on 29 February 2012)

(Resigned as Director and appointed as Alternate Director on 29 February 2012)

(Resigned on 29 February 2012)

(Resigned on 29 February 2012)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 26 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.20 each			
	1 January 2011	Bought	Sold	31 December 2011
Direct interest				
Dato' Mohd Nor Bin Abdul Wahid	8,352,200	-	(582,200)	7,770,000
Foong Chiew Fatt	16,180,960	-	-	16,180,960
Fong Chu King @ Tong Chu King	10,950,000	-	-	10,950,000
Chew Eng Chai	160,000	-	-	160,000
Tan Chon Sing @ Tan Kim Tieng	1,488,000	-	-	1,488,000
Mohd Zaki Bin Hamzah	500,000	-	-	500,000
Fong Chiew Hean	16,570,960	-	-	16,570,960
Indirect interest				
Fang Chew Ham	80,420,000	-	-	80,420,000

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (Cont'd)

Fang Chew Ham by virtue of his interest in shares in Fang Chew Ham Holdings Sdn. Bhd. ("FCHH"), is also deemed to have interests in shares in the Company and all the subsidiaries to the extent FCHH has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Tan Chon Sing @ Tan Kim Tieng, having attained the age of seventy (70) respectively, will retire in accordance with Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting and, being eligible, has offered himself for re-appointment as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report (Cont'd)

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 16 March 2012.

Dato' Mohd Nor Bin Abdul Wahid

Director

Fang Chew Ham

Director

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Mohd Nor Bin Abdul Wahid and Fang Chew Ham, being two (2) of the Directors of Three-A Resources Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 38 to 86 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and the cash flows of the Group and of the Company for the financial year then ended.

Breakdown of Retained Earnings into Realised and Unrealised

Further to the Statement by Directors, pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 34 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 16 March 2012.

Dato' Mohd Nor Bin Abdul Wahid

Director

Fang Chew Ham

Director

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Fang Chew Ham, being the Director primarily responsible for the financial management of Three-A Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 87 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
Fang Chew Ham at Kuala Lumpur in the)
Federal Territory on 16 March 2012)

Fang Chew Ham

Before me,

Independent Auditors' Report

to the Members of Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Three-A Resources Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 86.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Independent Auditors' Report (Cont'd)

to the Members of Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

OTHER MATTERS

The supplementary information set out in Note 34 on page 87 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young

AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
16 March 2012

Kua Choo Kai

No. 2030/03/12(J)
Chartered Accountant

Statements of Financial Position

as at 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Non-current assets					
Property, plant and equipment	3	124,180,388	107,958,947	463	931
Land use rights	4	4,488,010	4,695,105	-	-
Investments in subsidiaries	5	-	-	128,422,944	103,422,944
Investment in a joint venture	6	8,051,932	4,065,755	-	-
		136,720,330	116,719,807	128,423,407	103,423,875
Current assets					
Inventories	7	55,124,525	53,179,793	-	-
Receivables	8	69,495,894	68,914,791	14,240,829	4,790,299
Prepayments		570,555	188,553	-	-
Short term investments	9	-	30,122,072	-	30,122,072
Tax recoverable		2,897,195	740,714	82,500	-
Cash and bank balances	10	20,371,170	20,425,055	12,777,984	16,728,836
		148,459,339	173,570,978	27,101,313	51,641,207
Total assets		285,179,669	290,290,785	155,524,720	155,065,082
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	11	78,720,003	78,720,003	78,720,003	78,720,003
Share premium	12	70,366,858	70,366,858	70,366,858	70,366,858
Retained earnings	13	51,261,622	40,729,326	1,671,371	1,185,957
Foreign currency translation reserve	14	638,906	7,088	-	-
Total equity		200,987,389	189,823,275	150,758,232	150,272,818

Statements of Financial Position (Cont'd)

as at 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Non-current liabilities					
Borrowings	15	24,502,338	16,716,569	-	-
Deferred tax liabilities	16	7,999,595	8,463,697	-	-
		32,501,933	25,180,266	-	-
Current liabilities					
Borrowings	15	28,590,970	51,461,598	-	-
Payables	17	18,376,177	19,062,361	43,288	28,979
Dividend payable		4,723,200	4,723,200	4,723,200	4,723,200
Income tax payable		-	40,085	-	40,085
		51,690,347	75,287,244	4,766,488	4,792,264
Total liabilities		84,192,280	100,467,510	4,766,488	4,792,264
Total equity and liabilities		285,179,669	290,290,785	155,524,720	155,065,082

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Revenue	18	268,805,935	248,939,689	4,933,977	4,800,000
Cost of sales	19	(231,729,821)	(206,453,227)	-	-
Gross profit		37,076,114	42,486,462	4,933,977	4,800,000
Other income	20	1,903,339	1,056,781	674,031	744,177
Administrative expenses		(15,037,677)	(13,651,096)	(402,164)	(659,484)
Other expenses		(5,101,032)	(6,424,297)	-	-
Share of results of joint venture		(387,205)	(84,012)	-	-
Profit from operations	21	18,453,539	23,383,838	5,205,844	4,884,693
Finance costs	22	(3,101,399)	(2,478,699)	-	-
Profit before taxation		15,352,140	20,905,139	5,205,844	4,884,693
Income tax (expense)/benefit	23	(96,644)	(4,018,433)	2,770	(107,585)
Profit after taxation		15,255,496	16,886,706	5,208,614	4,777,108
Other comprehensive income					
- Foreign currency translation		631,818	7,088	-	-
Total comprehensive income for the year		15,887,314	16,893,794	5,208,614	4,777,108

Earnings per share attributable to equity holders of the Company (sen):

Basic	24	4.0	4.4
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The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes In Equity

For the financial year ended 31 December 2011

		Non-Distributable			Distributable	
		Share	Share	Foreign	Retained	Total
		Capital	Premium	Currency	Earnings	
	Note	(Note 11)	(Note 12)	Translation		
		RM	RM	Reserve	RM	RM
				RM		
Group						
At 1 January 2010		73,920,003	33,759,152	-	28,565,820	136,244,975
Total comprehensive income		-	-	7,088	16,886,706	16,893,794
Transactions with owners						
Issuance of ordinary shares						
pursuant to private placement		4,800,000	36,720,000	-	-	41,520,000
Transactions costs arising						
from issuance of ordinary shares		-	(112,294)	-	-	(112,294)
Dividend paid	25	-	-	-	(4,723,200)	(4,723,200)
		4,800,000	36,607,706	-	(4,723,200)	36,684,506
At 31 December 2010		78,720,003	70,366,858	7,088	40,729,326	189,823,275
Total comprehensive income		-	-	631,818	15,255,496	15,887,314
Transactions with owners						
Dividend paid	25	-	-	-	(4,723,200)	(4,723,200)
At 31 December 2011		78,720,003	70,366,858	638,906	51,261,622	200,987,389

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes In Equity (Cont'd)

For the financial year ended 31 December 2011

	Note	Share Capital (Note 11) RM	Non- Distributable Share Premium (Note 12) RM	Distributable Retained Earnings RM	Total RM
Company					
At 1 January 2010		73,920,003	33,759,152	1,132,049	108,811,204
Total comprehensive income		-	-	4,777,108	4,777,108
Transactions with owners					
Issuance of ordinary shares pursuant to private placement		4,800,000	36,720,000	-	41,520,000
Transactions costs arising from issuance of ordinary shares		-	(112,294)	-	(112,294)
Dividend paid	25	-	-	(4,723,200)	(4,723,200)
		4,800,000	36,607,706	(4,723,200)	36,684,506
At 31 December 2010		78,720,003	70,366,858	1,185,957	150,272,818
Total comprehensive income		-	-	5,208,614	5,208,614
Transactions with owners					
Dividend paid	25	-	-	(4,723,200)	(4,723,200)
At 31 December 2011		78,720,003	70,366,858	1,671,371	150,758,232

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Cash flows from operating activities					
Profit before taxation		15,352,140	20,905,139	5,205,844	4,884,693
Adjustments for:					
Amortisation of land use rights		207,095	207,095	-	-
Depreciation of property, plant and equipment		5,791,280	4,624,597	468	468
Reversal of allowance for impairment of trade receivables		(16,016)	(290,491)	-	-
Unrealised foreign exchange (gain)/loss		(599,141)	476,710	-	-
Loss on disposal of property, plant and equipment		118,661	-	-	-
Dividend income from short term investments		(473,460)	(122,072)	(473,460)	(122,072)
Gain on realisation of short term investments		(95,378)	-	(95,378)	-
Interest expense		3,101,399	2,478,699	-	-
Interest income		(106,686)	(644,128)	(105,193)	(622,105)
Share of results of joint venture		387,205	84,012	-	-
Operating profit before working capital changes		23,667,099	27,719,561	4,532,281	4,140,984
Working capital changes:					
Inventories		(1,944,732)	(25,315,342)	-	-
Receivables		(389,544)	(13,043,367)	-	-
Prepayment		(382,002)	(23,174)	-	-
Payables		(1,969,190)	5,686,328	14,309	12,329
Subsidiary		-	-	(9,450,530)	(15,376,210)
Cash generated from/(used in) operations		18,981,631	(4,975,994)	(4,903,940)	(11,222,897)
Interest paid		(3,101,399)	(2,478,699)	-	-
Income tax paid		(2,757,312)	(5,119,459)	(119,815)	(67,500)
Net cash generated from/ (used in) operating activities		13,122,920	(12,574,152)	(5,023,755)	(11,290,397)

Statements of Cash Flows (Cont'd)

For the financial year ended 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Cash flows from investing activities					
Investment in a joint venture		(3,741,564)	(4,142,679)	-	-
Investment in subsidiaries		-	-	(25,000,000)	-
Purchase of property, plant and equipment	3 (b)	(16,802,092)	(31,826,448)	-	-
Acquisition of land use rights	4	-	(3,000,000)	-	-
Proceeds from/(purchase of) term investment		30,690,910	(30,000,000)	30,690,910	(30,000,000)
Proceeds from disposal of property, plant and equipment		130,000	-	-	-
Interest received		106,686	644,128	105,193	622,105
Net cash generated from/ (used in) investing activities		10,383,940	(68,324,999)	5,796,103	(29,377,895)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		-	41,520,000	-	41,520,000
Expenses incurred on issuance of ordinary shares		-	(112,294)	-	(112,294)
Dividends paid	25	(4,723,200)	(4,435,200)	(4,723,200)	(4,435,200)
Net (repayment)/drawdown of bankers acceptances		(26,498,912)	33,025,167	-	-
Net drawdown of term loans		6,341,543	2,335,036	-	-
Payments of hire purchase obligations		(1,014,752)	(195,857)	-	-
Net cash (used in)/generated from financing activities		(25,895,321)	72,136,852	(4,723,200)	36,972,506
Net decrease in cash and cash equivalents		(2,388,461)	(8,762,299)	(3,950,852)	(3,695,786)
Effect of exchange rate changes on cash and cash equivalents		435,275	(549,044)	-	-
Cash and cash equivalents at beginning of the year		20,425,055	29,736,398	16,728,836	20,424,622
Cash and cash equivalents at end of the year (Note 10)		18,471,869	20,425,055	12,777,984	16,728,836

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

- 31 December 2011

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Group and of the Company is located at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 March 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.4.

The financial statements have also been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM) which is also the Company's functional currency.

2.2 Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(b) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2011 RM	2010 RM
1 Singapore Dollar	2.4427	2.3859
1 United States Dollar	3.1770	3.0835

(ii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) Property, Plant and Equipment and Depreciation (Cont'd)

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Leasehold land and buildings are measured at cost less accumulated depreciation on buildings and any impairment losses recognised.

Leasehold land are depreciated over the period of the respective leases which range from 55 years to 99 years. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Factory and office buildings	50 years
- Plant and equipment	20 years
- Tools and implements	10 years
- Furniture and fittings and equipment	10 years
- Renovations and electrical installations	10 years
- Motor vehicles	7 to 15 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(d) Land Use Rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(e) Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(e) Impairment of Non-financial Assets (Cont'd)

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(f) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(g) Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using the equity method. A joint venture is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Under the equity method, the investment in joint venture is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's separate financial statements, its investment in joint venture is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

(h) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(h) Financial Assets (Cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The financial assets of the Group and of the Company are as follows:

(i) *Loans and Receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) *Available-for-sale Financial Assets*

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(i) **Impairment of Financial Assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

(i) *Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Available-for-sale Financial Assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and goods-in-transit: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The financial liabilities of the Group and of the Company are as follows:

(i) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(n) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(o) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(p) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Employee Leave Entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(q) Leases

(i) Finance Lease

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(q) Leases (Cont'd)

(ii) Operating Lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(r) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of Goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest Income

Interest income is recognised using the effective interest method.

(iii) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(s) Income Taxes

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current taxes are recognised in profit or loss.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction, and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(s) Income Taxes (Cont'd)

(ii) *Deferred Tax (Cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) *Sales Tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(t) Segment Reporting

For management purposes, the Group is organised into operating segments based on geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

(u) Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.3 Changes in Estimates

FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the estimated useful life of certain motor vehicle from 10 years to 15 years effective from 1 January 2011. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have been decreased by RM155,275.

2.4 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Changes in Accounting Policies (Cont'd)

FRS 1: First-time Adoption of Financial Reporting Standards
 FRS 3: Business Combinations
 Amendments to FRS 1: Limited Exemptions for First-time Adopters
 Amendments to FRS 1: Additional Exemptions for First-time Adopters
 Amendments to FRS 2: Share-based Payment
 Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
 Amendments to FRS 7: Improving Disclosures about Financial Instruments
 Improvements to FRS issued in 2010
 Amendments to FRS 127: Consolidated and Separate Financial Statements
 Amendments to FRS 132: Classification of Rights Issues
 Amendments to FRS 138: Intangible Assets
 IC Interpretation 4: Determining Whether an Arrangement contains a Lease
 IC Interpretation 12: Service Concession Arrangements
 IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
 IC Interpretation 17: Distributions of Non-cash Assets to Owners
 IC Interpretation 18: Transfers of Assets from Customers
 Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.5 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group intends to establish a project team to plan and manage the adoption of the MFRS Framework.

The Group has not commenced its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

2.6 Significant Accounting Judgements and Estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Significant Accounting Judgements and Estimates (Cont'd)

(a) Judgements Made in Applying Accounting Policies

There were no critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements during the current financial year.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Residual Value and Useful Lives of Plant and Equipment*

The cost of plant and equipment for the machinery and motor vehicle are depreciated on a straight-line basis over the assets' estimated economic useful lives. The Group estimates the useful lives of these machinery to be 20 years and motor vehicles to be between 7 to 15 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

(ii) *Impairment of Trade Receivables*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(iii) *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

3. PROPERTY, PLANT AND EQUIPMENT

	Long-term leasehold land RM	Factory and office buildings RM	Plant and machinery, tools and implements RM	Furniture and fittings and equipment RM	Renovations and electrical installations RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
Group								
Cost								
At 1 January 2011	15,757,502	27,220,387	64,791,597	3,063,315	1,987,866	6,462,142	19,591,226	138,874,035
Additions	400,150	4,134,825	9,086,004	809,752	375,492	1,183,290	6,271,869	22,261,382
Reclassification	-	11,129,715	6,570,655	-	-	-	(17,700,370)	-
Disposal	-	-	-	-	-	(473,771)	-	(473,771)
At 31 December 2011	16,157,652	42,484,927	80,448,256	3,873,067	2,363,358	7,171,661	8,162,725	160,661,646
Accumulated depreciation								
At 1 January 2011	1,074,904	3,793,151	20,754,906	1,768,947	1,102,512	2,420,668	-	30,915,088
Charge for the year (Note 21)	270,383	822,324	3,851,649	277,020	148,768	421,136	-	5,791,280
Disposal	-	-	-	-	-	(225,110)	-	(225,110)
At 31 December 2011	1,345,287	4,615,475	24,606,555	2,045,967	1,251,280	2,616,694	-	36,481,258
Net carrying amount								
At 31 December 2011	14,812,365	37,869,452	55,841,701	1,827,100	1,112,078	4,554,967	8,162,725	124,180,388
Cost								
At 1 January 2010	10,449,608	25,035,761	58,041,283	2,848,833	1,341,164	5,682,852	2,665,067	106,064,568
Additions	5,307,894	2,184,626	6,750,314	214,482	646,702	779,290	16,926,159	32,809,467
At 31 December 2010	15,757,502	27,220,387	64,791,597	3,063,315	1,987,866	6,462,142	19,591,226	138,874,035
Accumulated depreciation								
At 1 January 2010	808,564	3,310,492	17,783,869	1,515,849	996,038	1,875,679	-	26,290,491
Charge for the year (Note 21)	266,340	482,659	2,971,037	253,098	106,474	544,989	-	4,624,597
At 31 December 2010	1,074,904	3,793,151	20,754,906	1,768,947	1,102,512	2,420,668	-	30,915,088
Net carrying amount								
At 31 December 2010	14,682,598	23,427,236	44,036,691	1,294,368	885,354	4,041,474	19,591,226	107,958,947

Notes to the Financial Statements (Cont'd)

- 31 December 2011

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Furniture and fittings	
	2011 RM	2010 RM
Company		
Cost		
At 1 January / 31 December	4,675	4,675
Accumulated depreciation		
At 1 January	3,744	3,276
Charge for the year (Note 21)	468	468
At 31 December	4,212	3,744
Net carrying amount		
At 31 December	463	931

(a) Property, plant and equipment of a subsidiary with net book value amounting to RM59,987,501 (2010: RM41,988,213) are charged as securities for borrowing facilities of the subsidiary (Note 15).

(b) Acquisitions of property, plant and equipment were financed as follows:

	Group	
	2011 RM	2010 RM
Cash	16,802,092	31,826,448
Hire purchase	4,187,961	441,050
Credit purchase (Note 17)	1,271,329	541,969
	22,261,382	32,809,467

(c) Net carrying values of plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2011 RM	2010 RM
Machineries	3,541,875	-
Motor vehicles	2,884,483	2,800,403

Notes to the Financial Statements (Cont'd)

- 31 December 2011

4. LAND USE RIGHTS

	Group	
	2011 RM	2010 RM
At 1 January	4,695,105	1,902,200
Additions	-	3,000,000
Amortisation for the year (Note 21)	(207,095)	(207,095)
At 31 December	4,488,010	4,695,105
Remaining lease years: - Short term leasehold land	19 - 43	20 - 44

Land use rights with an aggregate carrying value of RM1,480,009 (2010: RM1,529,772) are pledged as securities for borrowing facilities of a subsidiary (Note 15).

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM	2010 RM
Unquoted investments	128,422,944	103,422,944

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held		Principal activities
		2011	2010	
San Soon Seng Food Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and sale of food and beverage ingredients
Three-A Food Industries (M) Sdn. Bhd.	Malaysia	100%	100%	Investment holding

All subsidiaries are audited by Ernst & Young, Malaysia.

During the financial year ended 31 December 2011, the Company subscribed for 22,000,000 and 3,000,000 new ordinary shares of RM1.00 each in San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd. respectively for a total consideration of RM22,000,000 and RM3,000,000 respectively which were settled by way of capitalisation of the amount owing by San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd. to the Company amounting to RM22,000,000 and RM3,000,000 respectively.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

6. INVESTMENT IN JOINT VENTURE

	Group	
	2011 RM	2010 RM
Unquoted shares, at cost	7,884,243	4,142,679
Share of post-acquisition reserves	(471,217)	(84,012)
	7,413,026	4,058,667
Exchange differences	638,906	7,088
	8,051,932	4,065,755

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011	2010
Held through a subsidiary:				
Three-A (Qinhuangdao) Food Industries Co. Ltd. #	People's Republic of China	Manufacturing and sale of food and beverage ingredients	50	50

Audited by firm other than Ernst & Young

The summarised financial information of the joint venture is as follows:

	Group	
	2011 RM	2010 RM
Assets and liabilities:		
Total assets	40,324,932	8,536,236
Total liabilities	(24,221,069)	(404,727)
Results:		
Loss for the year	(774,411)	(168,024)

During the financial year, the Group has invested RM3,741,564 (USD1,224,000) in the joint venture company.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

6. INVESTMENT IN JOINT VENTURE (Cont'd)

The Group's commitments in respect of its investment in joint venture are as follows:

	Note	Group	
		2011 RM	2010 RM
Co-operation commitments	(a)	44,863,000	44,863,000
Capital expenditure approved and contracted for investment in joint venture	(b)	11,055,525	14,868,880
Share of capital commitments of joint venture on buildings, machinery and equipment	(c)	4,745,922	15,409,206
		60,664,447	75,141,086

- (a) On 05 May 2010, the Group had entered into a framework co-operation agreement with Wilmar International Limited, a company incorporated in Singapore to set up equity joint venture company in the People's Republic of China ("PRC"). Both parties agreed to contribute 50% and jointly invest up to USD40 million (RM128,180,000) or such other amount as may be agreed to by both parties from time to time.

Based on the Co-operation Agreement, the Group will invest up to USD20,000,000 (equivalent to approximately RM64,090,000). After taking into consideration the total investment cost of the Group in the joint venture company to set up a factory in the vicinity of Shanhaiguan, PRC for the business of manufacturing and selling of food and beverage ingredients of up to USD6,000,000 (equivalent to approximately RM19,227,000), the remaining balance of up to USD14,000,000 (equivalent to approximately RM44,863,000) is expected to be invested within the next four (4) years.

- (b) The total investment cost of the Group in the joint venture company will be up to USD6,000,000 (equivalent to approximately RM19,227,000). After taking into consideration the total investment cost of the Group of up to USD2,550,000 (equivalent to approximately RM8,171,475), the balance of up to USD3,450,000 (equivalent to approximately RM11,055,525) is outstanding.

The exchange rate of USD1.00 : RM3.2045 as at 4 May 2010, being the date immediately preceding the date of the Co-operation Agreement and JV Agreement 1, has been utilised for illustrative purposes. The investment costs are translated using the exchange rates at the dates of the transactions.

- (c) The joint venture company has capital commitments of RMB18,855,472 (2010: RMB66,105,560) on buildings, machinery and equipment as at 31 December 2011. The Group's share of the capital commitment is RMB9,427,736 (2010: RMB33,052,780) (equivalent to RM4,745,922 (2010: RM15,409,206)), representing the Group's 50% share in the joint venture company.

The exchange rate of RMB1.00 : RM0.5034 (2010: RMB1.00 : RM0.4662) as at reporting date have been utilised.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

7. INVENTORIES

	Group	
	2011 RM	2010 RM
At cost:		
Raw materials	40,909,701	38,024,252
Goods-in-transit	4,507,640	7,712,110
Work-in-progress	2,454,461	2,870,395
Packing materials	445,729	487,651
Finished goods	6,806,994	4,085,385
	55,124,525	53,179,793

The cost of inventories recognised as an expense during the financial year amounted to RM217,359,422 (2010: RM193,590,707) which is recognised in cost of sales.

8. RECEIVABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables				
- third parties	64,351,020	62,458,507	-	-
- related party	104,211	109,189	-	-
	64,455,231	62,567,696	-	-
Less: Allowance for impairment	-	(382,774)	-	-
Trade receivables, net	64,455,231	62,184,922	-	-
Other receivables				
Sundry receivables	4,566	29,579	1,160	1,160
Deposits	158,326	136,380	-	-
Advance payment to suppliers	4,877,771	6,563,910	-	-
Amounts due from subsidiaries	-	-	14,239,669	4,789,139
	5,040,663	6,729,869	14,240,829	4,790,299
Total trade and other receivables	69,495,894	68,914,791	14,240,829	4,790,299
Cash and bank balances (Note 10)	20,371,170	20,425,055	12,777,984	16,728,836
Total loans and receivables	89,867,064	89,339,846	27,018,813	21,519,135

Notes to the Financial Statements (Cont'd)

- 31 December 2011

8. RECEIVABLES (Cont'd)

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2010: 30 to 150 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Ageing Analysis of Trade Receivables

	Group	
	2011 RM	2010 RM
Neither past due nor impaired	61,091,942	60,649,183
1 month past due not impaired	1,094,292	1,087,380
2 months past due not impaired	65,760	248,653
3 months past due not impaired	1,608,527	36,144
4 months past due not impaired	281,938	120,709
More than 5 months past due not impaired	312,772	42,853
	3,363,289	1,535,739
Impaired	-	382,774
	64,455,231	62,567,696

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 76% (2010: 81%) of the Group's trade receivables arise from customers with more than five (5) years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,363,289 (2010: RM1,535,739) that are past due at the reporting date but not impaired.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

8. RECEIVABLES (Cont'd)

(b) Ageing Analysis of Trade Receivables (Cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Collectively Impaired RM	Individually Impaired RM	Total RM
Group			
2011			
Trade receivables			
- nominal amounts	-	-	-
Less: Allowance for impairment	-	-	-
	-	-	-
2010			
Trade receivables			
- nominal amounts	-	382,774	382,774
Less: Allowance for impairment	-	(382,774)	(382,774)
	-	-	-

Movements in the allowance accounts are as follows:

	2011 RM	2010 RM
At 1 January	382,774	673,265
Written off	(366,758)	-
Reversal of impairment losses (Note 20)	(16,016)	(290,491)
At 31 December	-	382,774

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

8. RECEIVABLES (Cont'd)

(c) Amount Due From a Related Party (Trade)

Related party's debt is due from Seong Chan Sauce & Foodstuff Sdn. Bhd., a company in which certain Directors have financial interests. The amount due from a related company is unsecured, non-interest bearing and is on 90 days term. Further details on related party transactions are disclosed in Note 26.

(d) Other Receivables

Other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

There is no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(e) Amounts Due from Subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

During the financial year, the Company capitalised the amount due from subsidiaries, San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd. of RM22,000,000 and RM3,000,000 respectively into 22,000,000 and 3,000,000 new ordinary shares of RM1.00 each as part of the cost of investment in subsidiaries (Note 5).

Included in amounts due from subsidiaries is the subordination up to RM8,000,000 of advances to a subsidiary as required by borrowing covenant (Note 15).

(f) Advance Payment to Suppliers

At the reporting date, the Group has prepayment of RM4,877,771 (2010: RM6,563,910) for purchases of raw materials.

9. SHORT TERM INVESTMENTS

	Group/Company 2011		Group/Company 2010	
	Carrying amount RM	Market value of quoted investments RM	Carrying amount RM	Market value of quoted investments RM
Available-for-sale financial assets				
- Unit trust investment (quoted in Malaysia)	-	-	30,122,072	30,122,072

Notes to the Financial Statements (Cont'd)

- 31 December 2011

10. CASH AND BANK BALANCES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash at banks and on hand	8,345,651	20,425,055	752,465	16,728,836
Short term deposits with licensed banks	12,025,519	-	12,025,519	-
Cash and bank balances	20,371,170	20,425,055	12,777,984	16,728,836
Bank overdrafts (Note 15)	(1,899,301)	-	-	-
Cash and cash equivalents	18,471,869	20,425,055	12,777,984	16,728,836

The weighted average effective interest rate and the average maturity of deposits as at 31 December 2011 for the Group and the Company is 3.11% and 30 days respectively.

11. SHARE CAPITAL

	Group/Company			
	2011		2010	
	Number of Shares	Amount RM	Number of Shares	Amount RM
Authorised				
At 1 January/31 December	500,000,000	100,000,000	500,000,000	100,000,000
Issued and fully paid up				
Ordinary share of RM0.20 each				
At 1 January	393,600,019	78,720,003	369,600,019	73,920,003
Issued on 14 July 2010 for cash	-	-	24,000,000	4,800,000
At 31 December	393,600,019	78,720,003	393,600,019	78,720,003

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

12. SHARE PREMIUM

	Group/Company	
	2011 RM	2010 RM
At 1 January	70,366,858	33,759,152
Add: Premium arising from issuing of 24,000,000 new ordinary shares at RM1.73	-	36,720,000
Less: Transaction costs arising from issuance of shares	-	(112,294)
At 31 December	70,366,858	70,366,858

The share premium may be applied only for the purposes as specified in the Companies Act, 1965. The balance is not available for distribution of dividends except for in the form of bonus shares.

13. RETAINED EARNINGS

Prior to 1 January 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six (6) years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2011 and 2010, the Company has the following Section 108 balance and tax exempt income account balance for the purpose of dividend payment:

	2011 RM	2010 RM
Section 108 tax credit balance	3,581,461	3,581,461
Tax exempt income account balance	24,225,977	24,015,200

14. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

15. BORROWINGS

	Group	
	2011 RM	2010 RM
Long term borrowings		
Secured:		
Term loans	20,907,880	15,961,284
Hire purchase payables	3,594,458	755,285
	24,502,338	16,716,569
Short term borrowings		
Secured:		
Bank overdrafts (Note 10)	1,899,301	-
Bankers acceptances	21,303,124	47,802,036
Term loans	4,322,981	2,928,034
Hire purchase payables	1,065,564	731,528
	28,590,970	51,461,598

	Effective interest rate %	Maturity	Group	
			2011 RM	2010 RM
Total borrowings				
Bank overdrafts	5.17	On demand	1,899,301	-
Bankers acceptances	3.41 - 4.12	90 - 180 days	21,303,124	47,802,036
Term loans	5.80 - 7.55	2012 - 2020	25,230,861	18,889,318
Hire purchase payables	4.28 - 7.51	2012 - 2019	4,660,022	1,486,813
			53,093,308	68,178,167
Maturity of borrowings:				
Within one year			28,590,970	51,461,598
More than 1 year and less than 2 years			5,210,398	3,735,924
More than 2 years and less than 5 years			12,636,444	9,084,222
More than 5 years			6,655,496	3,896,423
			53,093,308	68,178,167

Notes to the Financial Statements (Cont'd)

- 31 December 2011

15. BORROWINGS (Cont'd)

The bank borrowings of the Group are secured by the following:

- fixed charges over the land use rights (Note 4), long-term leasehold land, factory, plant and machinery and office buildings of a subsidiary (Note 3);
- debentures over certain plant and machinery of a subsidiary;
- negative pledge on two adjoining pieces of leasehold land of a subsidiary;
- a corporate guarantee of RM46,533,985 by the Company; and
- subordination up to RM8 million of advances by the Company to the subsidiaries.

Hire purchase payables

The Group has finance leases for certain items of plant and equipment (Note 3). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2011 RM	2010 RM
Future minimum lease payments:		
Not later than 1 year	1,345,430	799,163
Later than 1 year and not later than 2 years	860,991	633,650
Later than 2 years and not later than 5 years	2,120,346	149,211
Later than 5 years	1,399,355	-
Total future minimum lease payments	5,726,122	1,582,024
Less: Future finance charges	(1,066,100)	(95,211)
Present value of finance lease liabilities	4,660,022	1,486,813
Analysis of present value of finance lease liabilities:		
Not later than 1 year	1,065,564	731,528
Later than 1 year and not later than 2 years	636,517	608,275
Later than 2 years and not later than 5 years	1,668,215	147,010
Later than 5 years	1,289,726	-
Less: Amount due within 12 months	4,660,022 (1,065,564)	1,486,813 (731,528)
Amount due after 12 months	3,594,458	755,285

Notes to the Financial Statements (Cont'd)

- 31 December 2011

16. DEFERRED TAX

	Group	
	2011 RM	2010 RM
At 1 January	8,463,697	7,941,600
Recognised in statement of comprehensive income (Note 23)	(464,102)	522,097
At 31 December	7,999,595	8,463,697
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	11,692,402	8,557,013
Deferred tax assets	(3,692,807)	(93,316)
	7,999,595	8,463,697

The components and movements of the Group's deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Accelerated capital allowances RM	Unrealised foreign exchange RM	Total RM
At 1 January 2010	7,853,089	181,827	8,034,916
Recognised in statement of comprehensive income	641,275	(119,178)	522,097
At 31 December 2010	8,494,364	62,649	8,557,013
Recognised in statement of comprehensive income	3,048,253	87,136	3,135,389
At 31 December 2011	11,542,617	149,785	11,692,402

Deferred tax assets

	Unutilised reinvestment allowances RM	Provisions RM	Total RM
At 1 January 2010	-	(93,316)	(93,316)
Recognised in statement of comprehensive income	-	-	-
At 31 December 2010	-	(93,316)	(93,316)
Recognised in statement of comprehensive income	(2,460,062)	(1,139,429)	(3,599,491)
At 31 December 2011	(2,460,062)	(1,232,745)	(3,692,807)

Notes to the Financial Statements (Cont'd)

- 31 December 2011

17. PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables				
Trade payables	13,545,160	14,030,931	-	-
Other payables				
Sundry payables	1,844,857	2,066,556	-	-
Accruals	2,986,160	2,964,874	43,288	28,979
	4,831,017	5,031,430	43,288	28,979
Total trade and other payables	18,376,177	19,062,361	43,288	28,979
Add: Loans and borrowings (Note 15)	53,093,308	68,178,167	-	-
Total financial liabilities carried at amortised cost	71,469,485	87,240,528	43,288	28,979

(a) Trade Payables

The normal trade credit term granted to the Group ranges from 30 to 60 days (2010: 30 to 60 days).

(b) Other Payables

Sundry payables are non-interest bearing and the normal credit terms granted to the Group and the Company is 30 days (2010: 30 days).

Included in sundry payables and accruals of the Group are amounts of RM1,271,329 (2010: RM541,969) due to contractors for the construction of plant and machinery.

18. REVENUE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sales of goods	268,805,935	248,939,689	-	-
Dividend income from a subsidiary	-	-	4,933,977	4,800,000
	268,805,935	248,939,689	4,933,977	4,800,000

19. COST OF SALES

Cost of sales comprises of cost of goods sold and its associated expenses.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

20. OTHER INCOME

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Realised foreign exchange gain	611,416	-	-	-
Unrealised foreign exchange gain	599,141	-	-	-
Reversal of allowance for impairment of trade receivables	16,016	290,491	-	-
Dividend income from short term investments	473,460	122,072	473,460	122,072
Gain on realisation of short term investments	95,378	-	95,378	-
Interest income	106,686	644,128	105,193	622,105
Other income	1,242	90	-	-
	1,903,339	1,056,781	674,031	744,177

21. PROFIT FROM OPERATIONS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit from operations is stated after charging:				
Depreciation of property, plant and equipment (Note 3)	5,791,280	4,624,597	468	468
Amortisation of land use rights (Note 4)	207,095	207,095	-	-
Auditors' remuneration				
- Current year	85,000	55,000	25,000	12,000
- Others	5,000	5,000	5,000	5,000
Rent of premises	-	50,363	-	-
Rental of motor vehicles	-	57,064	-	-
Rental of machineries	58,649	-	-	-
Loss on disposal of property, plant and equipment	118,661	-	-	-
Realised exchange loss	-	458,651	-	-
Unrealised foreign exchange loss	-	476,710	-	-

Notes to the Financial Statements (Cont'd)

- 31 December 2011

21. PROFIT FROM OPERATIONS (Cont'd)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Employee Benefits Expenses				
Wages and salaries	10,560,511	10,001,225	30,000	30,000
Bonus	1,564,567	1,449,085	-	-
Social security costs	71,678	65,816	-	-
Pension costs - defined contribution plan	753,802	792,143	-	-
Provision for unutilised leave	39,407	-	-	-
Other staff related expenses	303,031	186,105	-	-
	13,292,996	12,494,374	30,000	30,000

Included in employee benefits expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM3,052,592 (2010: RM2,877,424) and RM30,000 (2010: RM30,000) respectively as further disclosed below.

Directors' remuneration

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Analysis of Directors' remuneration:				
Executive Directors' remuneration:				
Other emoluments	3,052,592	2,877,424	30,000	30,000
Non-Executive Directors' remuneration:				
Other emoluments	90,000	90,000	90,000	90,000
Total Directors' Remuneration (Note 26(b))	3,142,592	2,967,424	120,000	120,000
Executive:				
Salaries and other emoluments	1,898,640	1,812,240	30,000	30,000
Bonus	830,000	760,000	-	-
Defined contribution plan	323,952	305,184	-	-
	3,052,592	2,877,424	30,000	30,000
Non-Executive:				
Other emoluments	90,000	90,000	90,000	90,000
	3,142,592	2,967,424	120,000	120,000

Notes to the Financial Statements (Cont'd)

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21. PROFIT FROM OPERATIONS (Cont'd)

Directors' remuneration (Cont'd)

The number of Directors of the Company whose total remuneration received from the Group and the Company during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2011 RM	2010 RM
Executive Directors:		
RM250,001 - RM300,000	1	1
RM300,001 - RM350,000	2	3
RM350,001 - RM400,000	1	-
RM650,001 - RM700,000	1	1
RM1,000,001 - RM1,050,000	-	1
RM1,050,001 - RM1,100,000	1	-
Non-Executive Directors:		
RM0 - RM50,000	6	6

22. FINANCE COSTS

	Group	
	2011 RM	2010 RM
Interest expense on:		
Term loans	1,324,070	1,346,793
Bankers acceptance	1,413,833	978,810
Bank overdrafts	98,218	50,484
Hire purchase financing	265,278	102,612
	3,101,399	2,478,699

Notes to the Financial Statements (Cont'd)

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23. INCOME TAX EXPENSE/(BENEFIT)

The major components of income tax expense for the financial years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Malaysian income tax:				
Tax expense for the year	536,128	3,387,703	-	107,585
Under/(over) provision in prior years	24,618	108,633	(2,770)	-
	560,746	3,496,336	(2,770)	107,585
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	(48,051)	1,066,305	-	-
Over provision in prior years	(416,051)	(544,208)	-	-
	(464,102)	522,097	-	-
Income tax expense/(benefit) recognised in profit or loss	96,644	4,018,433	(2,770)	107,585

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010 : 25%) of the estimated assessable profit for the year.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2011 and 2010 are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before taxation	15,352,140	20,905,139	5,205,844	4,884,693
Taxation at Malaysian statutory tax rate of 25% (2010 : 25%)	3,838,035	5,226,285	1,301,461	1,221,173
Income not subject to tax	(142,210)	-	(1,375,704)	(1,200,000)
Expenses not deductible for tax purposes	405,608	546,961	74,243	86,412
Utilisation of current year's reinvestment allowance	(1,250,095)	(1,340,241)	-	-
Deferred tax assets recognised on reinvestment allowance	(2,460,062)	-	-	-
Over provision of deferred tax in prior year	(416,051)	(544,208)	-	-
Under/(over) provision of income tax expense in prior year	24,618	108,633	(2,770)	-
Net share of results of joint venture (foreign)	96,801	21,003	-	-
Income tax expense/(benefit) recognised in profit or loss	96,644	4,018,433	(2,770)	107,585

Notes to the Financial Statements (Cont'd)

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24. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2011 RM	2010 RM
Net profit for the year (RM)	15,887,314	16,893,794
Weighted average number of ordinary shares in issue	393,600,019	380,712,348
Basic earnings per share (sen)	4.0	4.4

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

25. DIVIDENDS

	Dividend in respect of year		Dividend recognised of year	
	2011 RM	2010 RM	2011 RM	2010 RM
Declared and paid subsequent to year end				
Interim dividend:				
- 1.2 sen tax exempt on 393,600,019 ordinary shares	4,723,200	4,723,200	4,723,200	4,723,200

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company entered into the following transactions with related parties during the financial year:

			Outstanding balances	
	2011 RM	2010 RM	2011 RM	2010 RM
Group				
Sales to Seong Chan Sauce & Foodstuff Sdn. Bhd.	(775,610)	(731,423)	(104,211)	(109,189)
Rent payable to Excellent Chemical Industrial Sdn. Bhd.	-	22,500	-	730

Notes to the Financial Statements (Cont'd)

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26. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

	Outstanding balances			
	2011 RM	2010 RM	2011 RM	2010 RM
Company				
Advances to subsidiaries	(9,450,530)	(11,086,210)	(14,239,669)	(4,789,139)

Seong Chan Sauce & Foodstuff Sdn. Bhd. and Excellent Chemical Industrial Sdn. Bhd. are companies in which Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean and Fong Chu King @ Tong Chu King, who are Directors of the Company, have financial interests. Dato' Mohd Nor Bin Abdul Wahid is a Director and has financial interests in Excellent Chemical Industrial Sdn. Bhd..

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between the parties.

(b) Compensation of key management personnel

The Group defines key management personnel as its Directors whose remunerations are detailed in Note 21.

27. COMMITMENTS

	Group	
	2011 RM	2010 RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	1,217,580	360,000
Approved but not contracted for:		
Property, plant and equipment	2,943,142	10,000,000
	4,160,722	10,360,000

28. CONTINGENT LIABILITIES

	Company	
	2011 RM	2010 RM
Guarantees to licensed financial institutions in respect of credit facilities granted to a subsidiary company	46,533,985	66,691,354

Notes to the Financial Statements (Cont'd)

- 31 December 2011

28. CONTINGENT LIABILITIES (Cont'd)

The Directors have assessed the financial guarantee contracts and concluded that the guarantees are unlikely to be called upon by the banks. This is because the guarantees are collateralised by fixed charges over certain properties, plant and equipment of the Group (Note 3 and 15). The Directors have estimated the financial impact of the guarantees as at 31 December 2011 to be insignificant.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, market price risk and commodity price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties both domestic and foreign. It is the Group's policy that all customers who wish to trade on credit terms are subject to stringent credit verification procedures. Each customer has a maximum credit limit. The Group seeks to maintain control over its outstanding receivables and has a credit control committee to minimise credit risk. Overdue balances are reviewed regularly by senior management with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2011		2010	
	RM	% of total	RM	% of total
By country:				
Malaysia	51,856,171	81%	50,991,215	82%
Singapore	4,488,276	7%	3,789,449	6%
Other countries	8,110,784	12%	7,787,032	12%
	64,455,231	100%	62,567,696	100%

Notes to the Financial Statements (Cont'd)

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Credit Risk (Cont'd)

At the reporting date, approximately 50% (2010: 63%) of the Group's trade receivables were due from 10 major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 8. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8.

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 54% (2010: 75%) of the Group's loans and borrowings (Note 15) will mature in less than one (1) year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations. The Group and the Company actively manage its cash and cash equivalents, operating cash flows and the availability of funding so as to ensure that there is adequate working capital and that repayment and funding needs are met.

Notes to the Financial Statements (Cont'd)

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2011				
Group				
Financial assets:				
Receivables	69,495,894	-	-	69,495,894
Cash and bank balances	20,371,170	-	-	20,371,170
Total undiscounted financial assets	89,867,064	-	-	89,867,064
Financial liabilities:				
Trade payables	13,545,160	-	-	13,545,160
Other payables	4,831,017	-	-	4,831,017
Bank overdrafts	1,899,301	-	-	1,899,301
Dividend payable	4,723,200	-	-	4,723,200
Bankers acceptance	21,303,124	-	-	21,303,124
Term loans	4,322,981	15,542,110	5,365,770	25,230,861
Hire purchase payables	1,345,476	2,981,397	1,399,356	5,726,229
Total undiscounted financial liabilities	51,970,259	18,523,507	6,765,126	77,258,892
Total net undiscounted financial assets/(liabilities)	37,896,805	(18,523,507)	(6,765,126)	12,608,172
At 31 December 2011				
Company				
Financial assets:				
Receivables	14,240,829	-	-	14,240,829
Cash and bank balances	12,777,984	-	-	12,777,984
Total undiscounted financial assets	27,018,813	-	-	27,018,813
Financial liabilities:				
Payables	43,288	-	-	43,288
Dividend payable	4,723,200	-	-	4,723,200
Total undiscounted financial liabilities	4,766,488	-	-	4,766,488
Total net undiscounted financial assets	22,252,325	-	-	22,252,325

Notes to the Financial Statements (Cont'd)

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2010				
Group				
Financial assets:				
Receivables	68,914,791	-	-	68,914,791
Short term investments	30,122,072	-	-	30,122,072
Cash and bank balances	20,425,055	-	-	20,425,055
Total undiscounted financial assets	119,461,918	-	-	119,461,918
Financial liabilities:				
Trade payables	14,030,931	-	-	14,030,931
Other payables	5,031,430	-	-	5,031,430
Dividend payable	4,723,200	-	-	4,723,200
Bankers acceptance	47,802,036	-	-	47,802,036
Term loans	2,737,529	11,457,499	4,694,290	18,889,318
Hire purchase payables	799,222	782,947	-	1,582,169
Total undiscounted financial liabilities	75,124,348	12,240,446	4,694,290	92,059,084
Total net undiscounted financial assets/(liabilities)	44,337,570	(12,240,446)	(4,694,290)	27,402,834

Notes to the Financial Statements (Cont'd)

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2010				
Company				
Financial assets:				
Receivables	4,790,299	-	-	4,790,299
Short term investments	30,122,072	-	-	30,122,072
Cash and bank balances	16,728,836	-	-	16,728,836
Total undiscounted financial assets	51,641,207	-	-	51,641,207
Financial liabilities:				
Payables	28,979	-	-	28,979
Dividend payable	4,723,200	-	-	4,723,200
Total undiscounted financial liabilities	4,752,179	-	-	4,752,179
Total net undiscounted financial assets	46,889,028	-	-	46,889,028

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM51,840 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies giving rise to this risk are primarily United States Dollars (USD), Singapore Dollars (SGD) and European Dollars (EURO).

Notes to the Financial Statements (Cont'd)

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Foreign Currency Risk (Cont'd)

Approximately 28% (2010: 28%) of the Group's sales are denominated in foreign currencies whilst almost 30% (2010: 21%) of costs are denominated in the respective functional currencies of the Group entities.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM2,160,366 (2010: RM1,506,785) for the Group.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in People's Republic of China ("PRC"). The Group's net investment in PRC is not hedged as currency positions in RMB is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2011 RM Profit net of tax	2010 RM Profit net of tax
USD/RM	- strengthened 4% (2010: 4%)	726,060	150,944
	- weakened 4% (2010: 4%)	(726,060)	(150,944)
SGD/RM	- strengthened 4% (2010: 4%)	112,377	153,492
	- weakened 4% (2010: 4%)	(112,377)	(153,492)
EURO/RM	- strengthened 4% (2010: 4%)	(7,941)	-
	- weakened 4% (2010: 4%)	7,941	-

Notes to the Financial Statements (Cont'd)

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Foreign Currency Risk (Cont'd)

The net unhedged financial assets and liabilities of the Group as at 31 December 2011 that are not denominated in their functional currency is as follows:

Functional currency of the Group in Ringgit Malaysia	United States Dollar RM	Singapore Dollar RM	Euro Dollar RM	Total RM
At 31 December 2011				
Receivables	17,211,075	2,808,095	1,162	20,020,332
Cash and bank balances	2,152,094	8,272	-	2,160,366
Payables	(1,211,672)	(6,944)	(199,695)	(1,418,311)
	18,151,497	2,809,423	(198,533)	20,762,387
At 31 December 2010				
Receivables	7,832,623	3,789,449	-	11,622,072
Cash and bank balances	1,506,785	-	-	1,506,785
Payables	(5,469,587)	(3,622)	-	(5,473,209)
	3,869,821	3,785,827	-	7,655,648

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group does not have significant exposure to market price risk.

(f) Commodity Price Risk

The price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subject to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise their risks arising from such fluctuations either through purchase of the commodity in advance or through increases in sales price, where appropriate.

Notes to the Financial Statements (Cont'd)

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30. FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial Instruments Whose Carrying Amounts Approximate Fair Value

Management has determined that the carrying amounts of cash and bank balances, short term deposits, receivables, payables and amounts receivable from and payable to subsidiaries based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's capital management is dependent on capital requirements of the business or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Group's structure.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital. The Group's policy is to keep the gearing ratio at a manageable level. The Group includes within debt, loans and borrowings. Capital includes equity attributable to the owners of the parent.

	Note	Group	
		2011 RM	2010 RM
Borrowings	15	53,093,308	68,178,167
Net debt		53,093,308	68,178,167
Equity attributable to the owners of the parent		200,987,389	189,823,275
Gearing ratio		26%	36%

32. SIGNIFICANT EVENT

- (a) On 28 March 2011, a subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") to acquire a parcel of leasehold land held under HS(D) 261056, PT No. 12202, Jalan Middle, U19, Kg. Baru Seri Sungai Buloh, 47000, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 708 sq metres together with a single storey wooden house for a total cash consideration of RM400,000. The SPA was completed on 12 April 2011.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

33. SEGMENT INFORMATION

The Group's activities are predominantly in the manufacturing industry segment.

The Group's geographical segments are based on geographical location of its customers. The foreign customers are predominantly based in Singapore, Hong Kong, China, South Korea, Singapore, Indonesia, Philippines, Australia and United States of America.

The following table presents revenue regarding the Group's geographical segment:

	Group	
	2011 RM	2010 RM
Malaysia	194,588,226	179,571,907
Singapore	24,111,982	29,536,554
Foreign countries	50,105,727	39,831,228
	268,805,935	248,939,689

The Group's assets and liabilities are solely located in Malaysia other than investment in joint venture amounting to RM7,884,243 (2010: RM4,142,679) which is located in People's Republic of China.

Notes to the Financial Statements (Cont'd)

- 31 December 2011

34 SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries		
- Realised	70,972,344	1,671,371
- Unrealised	(7,400,454)	-
	63,571,890	1,671,371
Total share of retained earnings from joint venture		
- Realised	(603,651)	-
- Unrealised	216,446	-
	63,184,685	1,671,371
Less: Consolidation adjustments	(11,923,063)	-
Retained profits as per financial statements	51,261,622	1,671,371

Particulars Of Properties Held By The Group

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2011 (RM'000)	Date of Acquisition	Year of Last Revaluation
No. H.S.(M) 472 Lot 4196 Jalan Union, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Office Building Production Factory Warehouse	Industrial Land	Leasehold 99 years	58 years (30 May 2070)	16 years	110,976	14,501	12,234	03 October 1995	2003
No. Hakmilik 21710 Lot 47720 (Lot 590) Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Office Building Production Factory Warehouse	Industrial Land	Leasehold 99 years	90 years (03 July 2102)	35 years	34,950	4,157	2,892	03 January 1997	2003
No. Hakmilik 57895 Lot 53150 (Lot 585 & 586) Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Production Factory Warehouse	Industrial Land	Leasehold 99 years	90 years (03 July 2102)	7 years	93,032	8,640	7,537	19 May 1997	2003
No. H.S.(M) 4098 No. P.T. 2317 Jalan Middle, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Hostel	Residential Land	Leasehold 60 years	30 years (22 June 2042)	13 years	8,168	570	430	27 May 1997	2003
No. H.S.(M) 4651 No. P.T. 5938 Jalan Union, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Hostel	Residential Land	Leasehold 60 years	34 years (26 June 2046)	13 years	6,806	874	661	31 March 1998	2003
No. H.S.(M) 3999 No. P.T. 584 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Production Factory	Industrial Land	Leasehold 60 years	29 years (24 May 2041)	4 years	46,005	5,211	4,592	23 August 2004	2010
No. H.S.(M) 11086 Lot 66 Jalan Union, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Warehouse	Industrial Land	Leasehold 99 years	58 years (30 May 2070)	2 years	87,123	7,274	6,905	05 December 2005	2009

Particulars Of Properties Held By The Group (Cont'd)

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2011 (RM'000)	Date of Acquisition	Year of Last Revaluation
No. H.S.(D) 264602 PT No. 12294 (589) Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Production Factory	Industrial Land	Leasehold 60 years	58 years (25 July 2070)	1 year	43,560	5,775	5,543	13 February 2008	2008
No. H.S.(M) 9078 PT No. 669 Jalan Middle, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Hostel	Residential Land	Leasehold 60 years	42 years (19 July 2054)	2 years	7,631	680	652	07 April 2009	2009
No. H.S.(M) 9107 No. PT 27686 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Production Factory	Industrial Land	Leasehold 99 years	81 years (22 September 2093)	1 year	60,342	11,992	11,744	09 October 2009	2009
No. H.S.(M) 9111 No. PT 27687 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Vacant	Industrial Land	Leasehold 99 years	81 years (22 September 2093)	-	42,281	967	946	10 December 2009	—
PN 67417 No. Lot 2306 Jalan Welfare, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Hostel	Residential Land	Leasehold 60 years	53 years (17 July 2065)	2 years	7,535	1,029	1,002	11 January 2010	—
No. H.S.(M) 9108 No. PT 27688 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Warehouse	Industrial Land	Leasehold 99 years	81 years (22 September 2093)	8 years	43,230	3,384	3,292	26 March 2010	2010
No. H.S.(M) 1395 No. PT 847 Jalan Kampong, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Vacant	Agriculture Land	Leasehold 60 years	18 years (15 March 2030)	-	80,847	3,271	2,971	30 April 2010	2010
No. HSD 261056 No. PT 12202 Jalan Middle, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Vacant	Residential Land	Leasehold 99 years	96 years (21 December 2108)	-	7,623	511	507	12 April 2011	—

Note: All the above properties are registered in the name of San Soon Seng Food Industries Sdn. Bhd.

Bursa Securities Listing Requirements Compliance Information

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

1. Utilisation of Proceeds

The Company had on 13 July 2010 issued 24,000,000 new ordinary shares of RM0.20 each at an issue price of RM1.73 each pursuant to the approvals obtained from its shareholders at the Annual General Meeting held on 29 June 2010 in accordance with the general mandate pursuant to Section 132D of the Companies Act, 1965 which empowered the Board to issue new shares from time to time and upon such terms and conditions and for such purposes as the Board may deem fit provided that the aggregate number of the shares so issued does not exceed ten percent (10%) of the issued and paid up share capital of the Company. The status of utilisation of the sales proceeds arising from the above Private Placement amounting to RM48,000,000 was as follows:-

Description	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)
Working Capital	25,800	25,800	NIL
Related Expenses For the Private Placement	400	400	NIL
Investment in Overseas	20,000	7,884	12,116

The Board of Directors of 3A had on 16 November 2011 resolved and approved to extend the time frame for the utilisation of the balance of the proceeds arising from the above Private Placement for another six (6) months up to 12 May 2012.

2. Share Buy-Back

The Company did not carry out any share buy-back exercise during the financial year ended 31 December 2011.

3. Options, Warrants or Convertible Securities Exercised

The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2011.

4. American Depository Receipts (ADR)/Global Depository Receipt (GDR)

The Company has not sponsored any ADR/GDR programme during the financial year ended 31 December 2011.

5. Sanctions and/or Penalties

There were no sanctions/penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year ended 31 December 2011.

6. Non-Audit Fees

The amount of non-audit fees paid/payable to external auditors and its affiliates for the financial year ended 31 December 2011 amounted to RM5,000.00.

7. Variation in Results

There was no profit estimation, forecast and projection made or released by the Company during the financial year ended 31 December 2011.

8. Profit Guarantee

There was no profit guarantee given by the Company and its subsidiaries during the financial year ended 31 December 2011.

Bursa Securities Listing Requirements Compliance Information (Cont'd)

9. Revaluation Policy on Landed Properties

The Group's landed properties are not revalued but are reviewed at each balance sheet date to determine if there is any indication of impairment. These landed properties are stated at cost less accumulated depreciation, amortisation and impairment. For landed properties classified as investment properties, the Group assesses the fair value at the end of each financial year and the change in fair value is taken as gains or losses in the income statement.

10. Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2011 or entered into since the end of the previous financial year that have been entered by the Company or its subsidiary involving Directors and substantial shareholders in the past two (2) years preceding the date of this annual report.

11. Related Party Transactions of a Revenue/Trading Nature (RRPT)

The breakdown of the value of the transactions conducted during the financial year were as follows:-

Related Party	Interested Directors/ Connected Persons	Nature of Transactions	Value of Transactions
Seong Chan Sauce & Foodstuff Sdn. Bhd.	Fang Chew Ham Fong Chu King @ Tong Chu King Foong Chiew Fatt	Sales of goods by San Soon Seng Food Industries Sdn. Bhd.	RM775,610

The RRPT are subject to the following:-

- the provision of the products to the related parties are based on fixed price quoted to all customers or classes of customers.
- the price of charges in the provision of products by the Company is no lower than the prevailing market prices.

The material terms of such RRPT are applied consistently to all classes of customers of in respect of such RRPT. There is no preferred treatment accorded to the related parties.

Analysis Of Shareholdings

As At 29 February 2012

Authorised Share Capital	:	RM100,000,000 divided into 500,000,000 Ordinary Shares of RM0.20 each
Issued and Fully Paid-Up Capital	:	RM78,720,003 divided into 393,600,019 Ordinary Shares of RM0.20 each
Class of Shares	:	Ordinary Share of RM0.20 each
Voting Rights	:	One (1) Voting Right per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Shareholders		No. of Shares Held			
	Malaysian No.	Foreign No.	Malaysian		Foreign	
			No.	%	No.	%
1- 99	226	0	15,207	0.00	0	0.00
100 - 1,000	309	2	241,512	0.06	1,200	0.00
1,001 - 10,000	2,608	36	14,461,600	3.67	292,500	0.07
10,001 - 100,000	1,197	25	38,961,720	9.90	1,126,900	0.29
100,001 - 19,679,999 *	225	5	195,273,180	49.61	1,626,200	0.41
19,680,000 and above **	1	1	80,000,000	20.33	61,600,000	15.65
Total	4,566	69	328,953,219	83.57	64,646,800	16.42

	No. of Shareholders	No. of Shareholdings	%
Grand Total	4,635	393,600,019	100

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

TOP THIRTY (30) SHAREHOLDERS

(without aggregating the securities from different securities accounts belonging to the same depositor)

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Fang Chew Ham Holdings Sdn. Bhd.	80,000,000	20.33
2. Wilmar International Limited	61,600,000	15.65
3. Fong Chiew Hean	6,570,960	4.21
4. Foong Chiew Fatt	16,180,960	4.11
5. Fong Chu King @ Tong Chu King	10,950,000	2.78

Analysis Of Shareholdings (Cont'd)

As At 29 February 2012

TOP THIRTY (30) SHAREHOLDERS (Cont'd)

Name of Shareholders	No. of Shares Held	% of Issued Capital
6. JF Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Siew Lai</i>	9,919,280	2.52
7. JF Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Kwee Hock</i>	9,418,780	2.39
8. Amanahraya Trustees Berhad <i>Public Islamic Optimal Growth Fund</i>	9,350,500	2.38
9. Amanahraya Trustees Berhad <i>Public Islamic Equity Fund</i>	8,844,500	2.25
10. Amanahraya Trustees Berhad <i>PB Growth Fund</i>	6,836,900	1.74
11. Amanahraya Trustees Berhad <i>Public Index Fund</i>	6,634,400	1.69
12. Amanahraya Trustees Berhad <i>Public Islamic Mixed Asset Fund</i>	4,997,000	1.27
13. Amanahraya Trustees Berhad <i>PB Balanced Fund</i>	3,661,000	0.93
14. Public Invest Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yoong Fui Kien</i>	3,470,000	0.88
15. Amanahraya Trustees Berhad <i>Public Islamic Opportunities Fund</i>	3,410,400	0.87
16. Cheong Siew Chyuan	3,300,000	0.84
17. Mayban Nominees (Tempatan) Sdn. Bhd. <i>Mayban Trustees Berhad for Public Industry Fund</i>	2,968,000	0.75
18. Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	2,951,400	0.75
19. Amanahraya Trustees Berhad <i>PB Islamic Equity Fund</i>	2,454,800	0.62
20. Tan Kim Tee	2,437,000	0.62
21. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Faai @ Ng Yoke Pei</i>	2,134,900	0.54
22. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Cheong Siew Chyuan</i>	2,000,000	0.51
23. Foong Kin	1,540,000	0.39
24. RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Phoa Boon Ting</i>	1,520,080	0.39
25. Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Keng Hong</i>	1,500,000	0.38
26. T.B.R Shopping Centre (M) Sdn. Bhd.	1,500,000	0.38
27. Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.38
28. Chan Chu Wei	1,468,000	0.37
29. A.A. Anthony Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Limstead Holdings Sdn. Bhd.</i>	1,386,700	0.35
30. A.A. Anthony Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Teong Leong</i>	1,268,960	0.32
Total	271,762,520	71.56

Analysis Of Shareholdings (Cont'd)

As At 29 February 2012

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Fang Chew Ham Holdings Sdn. Bhd.	80,420,000	20.43
2. Wilmar International Limited	61,600,000	15.65
3. Amanahraya Trustees Berhad	49,140,900	12.48
4. JF Apex Nominees (Tempatan) Sdn. Bhd.	19,737,740	5.01

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1. Dato' Mohd Nor Bin Abdul Wahid	-	-	-	-
2. Fang Chew Ham	-	-	124,121,920 ¹	31.54
3. Fong Chu King @ Tong Chu King	10,950,000	2.78	32,869,420 ²	8.89
4. Chew Eng Chai	160,000	0.04	7,000 ³	0.00
5. Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.38	2,220,000 ⁴	0.56
6. Fang Siew Yee	-	-	80,420,000 ⁵	20.43
7. Khoo Wee Boon	-	-	-	-
8. Mohd Zaki Bin Hamzah	500,000	0.13	-	-
9. Sun Yi-Ling	-	-	-	-

Note:

¹ Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King; and Fang Chew Ham Holdings Sdn. Bhd.

² Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean and his son Fong Peng Fai

³ Indirect interest via shareholdings of his spouse Lim Tong Lean

⁴ Indirect interest via shareholdings of his spouse Ng Faai @ Ng Yoke Pei

⁵ Indirect interest via shareholdings of Fang Chew Ham Holdings Sdn. Bhd.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be held at Ballroom Level 1, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday 18 April 2012 at 11.00 a.m. for the following purposes:-

Agenda

1. To receive the audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To re-elect the following Directors who retire by rotation pursuant to Article 86 of the Company's Articles of Association:-
 - 2.1 Dato' Mohd Nor Bin Abdul Wahid (Resolution 2)
 - 2.2 Mr. Fang Chew Ham (Resolution 3)
 - 2.3 Mr. Chew Eng Chai (Resolution 4)
3. To consider and if thought fit, pass the following Resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - 3.1 "That Mr. Tan Chon Sing @ Tan Kim Tieng, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." (Resolution 5)
4. To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. (Resolution 6)
5. As special business, to consider and if thought fit, to pass the following resolutions:-
 - 5.1 **As Ordinary Resolutions -**
 Authority to Directors to Allot and Issue Shares
 Pursuant to Section 132D of the Companies Act, 1965

 "That subject to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to allot and issue new ordinary shares of RM0.20 in the Company at any time and upon such terms and conditions and for such purposes as the Directors, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution in any one (1) financial year does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 7)
 - 5.2 Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

 "THAT approval be and is hereby given for the renewal of the Existing Shareholders' Mandate for the Company and its subsidiaries ("Three-A Group") to enter into transactions falling within the types of recurrent related party transactions of a revenue and trading nature which are necessary for the day to day operations of the Three-A Group from time to time, the nature and the contracting parties are set out in a table under Section 2.4 of the Circular to Shareholders dated 26 March 2012 PROVIDED THAT
 - (i) the transactions are in ordinary course of business on an arms' length basis, on normal commercial terms and on terms not more favorable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and

Notice Of Annual General Meeting (Cont'd)

(ii) disclosure of the aggregate value of the transactions conducted pursuant to this shareholders' mandate during the financial year of the Company is made in the annual report by providing a breakdown of the aggregate value of the transactions, amongst others, based on the following information:-

- (a) the type of transactions made; and
- (b) the names of the related parties involved in each type of transactions made and their relationships with the Company and its subsidiaries.

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until

- (a) the conclusion of next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the said Annual General Meeting, the authority is renewed;
- (b) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143(1) of the Act but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or
- (c) revoke or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution:"

(Resolution 8)

5.3 Proposed Renewal of Authority for the Company to purchase its own shares

"THAT, subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM0.20 each in the Company as may be determined by the Board of Directors from time to time as they deem fit and expedient in the best interests of the Company ("the Proposed Share Buy-Back") provided that:-

- (i) The aggregate number of Shares bought back and/or held does not exceed ten per centum (10%) of the total issued and paid up share capital of the Company subject to the restrictions that the issued and paid up capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements;
- (ii) The maximum funds to be allocated for the buy-back of the Company's own shares shall not exceed the total retained profits and the share premium account of the Company;
- (iii) As prescribed by the act, rules, regulations and orders made pursuant to the act and the requirements of Bursa Securities and any other relevant authority for the time being in force; and

THAT upon completion of the buy-back of the Company of its own Shares, the Directors of the Company are authorised to deal with the shares so bought back in any of the following manner:-

- (i) the shares so purchased may be cancelled; and/or

Notice Of Annual General Meeting (Cont'd)

- (ii) the shares so purchased may be retained as treasury shares and held by the Company or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder;

and the treasury shares may be distributed as dividends to the shareholders of the Company and/or resold on the market of Bursa Malaysia Securities Berhad and/or subsequently cancelled; and/or any combination of the three (3) and in any other manner;

The approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which the next annual general meeting after that date is required by law to be held, or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy Back (including without limitation, the appointment of stockbroking firm and the opening and maintenance of a Central Depository Account designated as a Share Buy-Back Account) with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad and all other relevant governmental/regulatory authorities."

(Resolution 9)

6. To consider any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

NG BEE LIAN (MAICSA 7041392)
TAN ENK PURN (MAICSA 7045521)
Company Secretaries

Kuala Lumpur
Date: 26 March 2012

EXPLANATORY NOTES TO SPECIAL BUSINESS:-

1. The proposed resolution No. 9, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of ten per centum (10%) of the issued and paid up share capital of the Company.
2. The proposed resolution No. 7, if passed, is to empower the Directors to issue up to a maximum of ten per centum (10%) of the total paid up share capital of the Company for the time being without convening a general meeting for such purposes as the Directors would be in the interest of the Company. This renewed authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting. No shares had been issued by the Company since obtaining the authority from its shareholders at the last Annual General Meeting held on 18 May 2011. The renewal of the general mandate, if granted, will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition.

Notice Of Annual General Meeting (Cont'd)

3. For further information on proposed resolution No.8, please refer to the Circular To Shareholders dated 26 March 2012 accompanying the Company's Annual Report for the financial year ended 31 December 2011.

NOTES :-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E. not less than forty eight (48) hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, PROVIDED always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
5. Only members whose names appear in the Record of Depositors as at 12 April 2012 will be entitled to attend and vote at the meeting.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

Statement Accompanying Notice Of Annual General Meeting

Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of Bursa Malaysia Securities Berhad

Directors who are seeking re-election or re-appointment at the Tenth Annual General Meeting of the Company

Three (3) Directors retiring by rotation pursuant to Article 86 of the Company's Articles of Association and seeking re-election are:-

- Dato' Mohd Nor Bin Abdul Wahid
- Mr Fang Chew Ham
- Mr. Chew Eng Chai

One (1) Director who is over the age of seventy (70) years seeking re-appointment is:-

- Mr. Tan Chon Sing @ Tan Kim Tieng

The details of the above Directors who are seeking re-election or re-appointment are set out in their respective profiles which appear in the Directors' Profiles on pages 10 to 13 of this Annual Report. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appears on page 94 of this Annual Report.

Board Meetings held in the financial year ended 31 December 2011

A total of five (5) Board Meetings were held in the financial year ended 31 December 2011.

The attendance of the Directors at the Board Meetings held in the financial year ended 31 December 2011 is set out below:

Date of Board Meetings and Directors' Emergency Board Meetings	Attendance by Independent Directors	Attendance by Non-Independent Directors	Total No. of Directors
i. 24 February 2011	4	8	12
ii. 18 May 2011	4	8	12
iii. 23 August 2011	4	8	12
iv. 15 November 2011	4	8	12
v. 22 November 2011	4	8	12

Details of attendance by each Director at the Board Meetings held in the financial year ended 31 December 2011 are as follows:-

Directors	Total Board Meetings Attended	Percentage of Attendance
Dato' Mohd Nor Bin Abdul Wahid	5/5	100%
Fang Chew Ham	5/5	100%
Fong Chu King @ Tong Chu King	5/5	100%
Foong Chiew Fatt (resigned on 29.02.2012)	0/0	-
Chew Eng Chai	5/5	100%
Tan Chon Sing @ Tan Kim Tieng	5/5	100%
Fang Siew Yee	5/5	100%
Liew Kuo Shin (resigned as Director and re-appointed as Alternate Director to Fong Chu King @ Tong Chu King on 29.02.2012)	5/5	100%

Statement Accompanying Notice Of Annual General Meeting (Cont'd)

Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of Bursa Malaysia Securities Berhad

Directors	Total Board Meetings Attended	Percentage of Attendance
Fang Siew Ping (resigned as Director and reappointed as Alternate Director to Fang Siew Yee on 29.02.2012)	5/5	100%
Khoo Wee Boon	5/5	100%
Mohd Zaki Bin Hamzah	5/5	100%
Sun Yi-Ling	5/5	100%
Fong Chiew Hean, Alternate Director to Foong Chiew Fatt (resigned on 29.02.2012)	5/5	100%

Details of venue, date and time of the Tenth Annual General Meeting

VENUE

Ballroom, Level 1
Jalan Kelab Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan

DATE AND TIME

Wednesday 18 April 2012, 11.00 a.m.

PROXY FORM

I/We,

of

being a member of Three-A Resources Berhad hereby appoint

of

or the Chairman of the meeting as my/our proxy to attend and vote as indicated hereon on my/our behalf at the Tenth Annual General Meeting of the Company to be held on the 18 day of April 2012 at 11.00 a.m. and at any adjournment thereof.

	Resolutions	For	Against
1	Receive the audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon		
2	Re-election of Dato' Mohd Nor Bin Abdul Wahid		
3	Re-election of Mr. Fang Chew Ham		
4	Re-election of Mr. Chew Eng Chai		
5	Re-appointment of Mr. Tan Chon Sing @ Tan Kim Tieng		
6	Re-appointment of M/s Ernst & Young as Auditors and to authorise the Directors to fix the Auditors' Remuneration		
7	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9	To provide the mandate for the Company to buy back its own shares up to a limit of ten per centum (10%) of the issued and paid up share capital of the Company		

(Please indicate with a cross (x) in the spaces provided whether you wish your vote to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.)

No. of Shares	
---------------	--

Dated this day of2012

.....
Signature/Common Seal

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E. not less than forty eight (48) hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, PROVIDED always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
5. Only members whose names appear in the Record of Depositors as at 12 April 2012 will be entitled to attend and vote at the meeting.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

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STAMP

THREE-A RESOURCES BERHAD
AL 308, Lot 590 & Lot 4196
Jalan Industri, U19
Kampung Baru Seri Sungai Buloh
47000 Selangor Darul Ehsan

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